Newpark

INTEGRATED REPORT 2020

CONTENTS

The consolidated financial statements have been audited by independent auditors.


EXIT

NEWPARK REIT

Newpark REIT Limited ("Newpark" or "company" or "group") is a South African-based REIT. Its investment strategy is to seek well-positioned prime commercial and industrial properties which provide quality cash flows with the potential for upward re-rating on lease renewals and/or redevelopment opportunities within the medium- to long-term (five years to 20 years).

AT A GLANCE

Four quality properties:

- Two in the Sandton CBD
- One in Linbro Business Park
- One in Crown City

57 481m² GLA

R1,38 billion portfolio

Listed on 3 February 2016 as a Diversified REIT on the JSE's Alternative Exchange

FINANCIAL HIGHLIGHTS

for the year ended 29 February 2020

Shares in issue	100 000 001
Net asset value per share	R8,94
Loan-to-value ratio *	32,2%
Gross property operating expense ratio	25,6%

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

ABOUT THIS REPORT

Key data

Newpark REIT Limited
Registration number: 2015/436550/06
JSE share code: NRL • ISIN: ZAE000212783
(Approved as REIT by the JSE)

Context

Newpark is pleased to present its fifth integrated report for the year ended 29 February 2020.

Newpark owns two prime commercial properties in Sandton, namely the JSE building and the adjacent 24 Central, an industrial property in Linbro Business Park and an industrial property in Crown City, through its wholly-owned subsidiaries, Newpark Towers Proprietary Limited ("Newpark Towers") and I.M.P. Properties Proprietary Limited ("I.M.P"). Property management for 24 Central is outsourced to JHI with the remaining three properties, all being 'triple-net' leases, managed internally.

This integrated report is primarily aimed at shareholders and providers of capital. The integrated report aims to present a balanced, understandable review of the business and provide an integrated assessment of the company's ability to create value over time.

Materiality

Materiality assessments have been applied in determining the content and disclosure in the report, ensuring that the report is both concise and relevant to Newpark's shareholders. Material issues are considered to be those that could affect the company's ability to create value over time and are likely to have a significant impact on the current and projected revenue and profitability of the business.

The company aims to adopt the guidelines outlined in the International Integrated Reporting Council's ("IIRC") Framework as appropriate in future years. The IIRC Framework includes reporting in terms of the six capitals of value creation, being financial, intellectual, human, manufactured, social and relationship, and natural capital.

Basis of preparation

This report, including the Annual Financial Statements, has been prepared taking account of the following:

- International Financial Reporting Standards ("IFRS");
- SAICA – financial reporting guides as issued by the Accountancy Practices Committee;
- Companies Act, No. 71 of 2008 ("Companies Act");
- JSE Listings Requirements;
- King IV™ Report on Corporate Governance for South Africa 2016 ("King IV™"); and
- Consideration of certain principles contained in the IIRC's Integrated Reporting Framework.

Assurance

The company's external auditor, BDO South Africa Incorporated, has provided assurance on the annual financial statements and expressed an unqualified audit opinion. The financial statements have been prepared by Dries Ferreira, the financial director of Newpark. The content of the integrated report has been reviewed by the board of directors of the company ("board") and the audit and risk committee but has not been externally assured.

Corporate information

Newpark's executive directors are the CEO, Simon Fifield and the financial director, Dries Ferreira. They can be contacted at 51 West Street, Houghton Estate, Houghton, Johannesburg or on tel: 011 483 4700.

The company's non-executive chairperson was Marc Wainer. Sadly, Marc passed away during April this year. Marc's presence and leadership will be sorely missed. We wish to thank Marc for his contribution during this short time. The group has appointed Stewart Shaw-Taylor as the new chairperson. Stewart was appointed as the group's lead independent director earlier this year. We look forward to Stewart's leadership of the board.

For additional contact details please see the inside back cover. Newpark welcomes feedback and any suggestions for the company's future reports. Please forward any comments to Simon Fifield or Dries Ferreira at info@newpark.co.za.

Forward-looking statements

This integrated report includes forward-looking statements that take account of inherent risks and uncertainties and, if one or more of these risks materialise, or should the underlying assumptions prove incorrect, actual results may be different from those anticipated. Words such as believe, anticipate, intend, seek, will, plan, could, may, endeavour, project and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements apply only as of the date on which they are made, and Newpark does not undertake to update or revise any of them, whether as a result of new information, future events, or otherwise.

Any forward-looking statements have been neither reviewed nor reported on by the company's auditors, BDO South Africa Incorporated.

Statement of responsibility

The audit and risk committee and the board acknowledge their responsibility to ensure the integrity of this integrated report.

The annual financial statements included in this integrated report have been audited by the external auditors.

Stewart Shaw-Taylor
Chairperson

Simon Fifield
CEO

Howard Turner
Chairperson audit and risk committee

GROUP OVERVIEW

Newpark is a property holding and investment company focused on building a portfolio of well-positioned prime commercial and industrial properties that offers an attractive return from both a capital and income perspective.

Newpark currently holds a R1,38 billion portfolio, comprising two prime commercial buildings in the Sandton CBD and two industrial buildings in Linbro Business Park and Crown City, respectively, and is looking to acquire further similar assets in pursuit of its investment objectives.

Newpark is led by a team of individuals with significant experience and successful track records in the property industry.

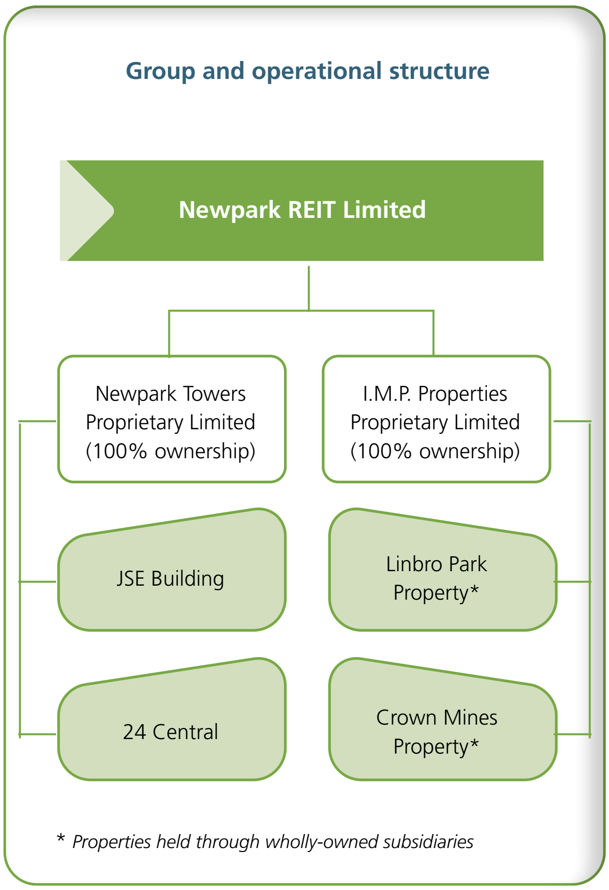
The company's independent property valuer is Peter Parfitt of Quadrant Properties Proprietary Limited.

Newpark currently holds a **R1,38** billion portfolio and is looking to acquire more assets

Governance structure

The governance structures are set out below.

Due to the size and maturity of the company, in the period under review and for the current year, the board undertakes the role of the nominations committee.



PORTFOLIO OVERVIEW

Sectoral profile

	Based on GLA %	Based on gross rental %	Vacancy profile based on GLA %	GLA m²
Mixed use (office and retail)	22,1	22,6	7,0	12 728,2
Office	31,6	52,7	0,0	18 163,0
Industrial	41,2	24,5	0,0	23 664,0
Storage	5,1	0,2	5,1	2 926,5
	100,0	100,0	12,1	57 481,7

	GLA m²	Tenant profile based on GLA %
A	46 335,13	80,6
B	2 173,11	3,8
C	2 047,06	3,5
Vacant	6 926,47	12,1
	57 481,77	100,0

A-grade tenants include:

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, TP South Africa Trading Proprietary Limited (UK and Belgian Visa), CCI South Africa Proprietary Limited, Rockets Express Proprietary Limited, HellermannTyton and Bidvest.

B-grade tenants include:

National tenants, smaller listed tenants, franchisees and medium to large professional firms. These are News Café, Moyo Urban and The Baron.

C-grade tenants include:

Other local tenants and sole proprietors. These are Club Sublime CC (Taboo), Juju Lounge CC (Cocoon), ATM Solutions Proprietary Limited, Lexi's Health Eatery and AU999 Commodities.

GROUP OVERVIEW
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SHAREHOLDER INFORMATION

Lease expiry profile

Unaudited

GLA	TOTAL	Mixed use	Office	Industrial	Storage
Vacant	6 926,47	3 999,93	–	–	2 926,54
Feb 2021	1 783,43	1 783,43	–	–	–
Feb 2022	1 276,61	1 276,61	–	–	–
Feb 2023	919,00	919,00	–	–	–
Feb 2024	752,63	752,63	–	–	–
Feb 2025	13 422,00	1 035,00	–	12 387,00	–
> Feb 2025	32 401,63	2 961,63	18 163,00	11 277,00	–

Gross rental	TOTAL R'000	Mixed use R'000	Office R'000	Industrial R'000	Storage R'000
Vacant	11 464	8 830	–	–	2 634
Feb 2021	4 685	4 685	–	–	–
Feb 2022	3 652	3 652	–	–	–
Feb 2023	2 692	2 692	–	–	–
Feb 2024	2 459	2 459	–	–	–
Feb 2025	19 854	1 125	–	18 729	–
> Feb 2025	73 425	2 685	61 090	9 650	–

Segment analysis

Property name	Physical address	Sector	Weighted average rental per m² (R/m²)	Rentable area (GLA) m²	Vacancy (% of rentable area)	Valuation as at 29 February 2020 R'000
JSE Building	One Exchange Square, 2 Gwen Lane, Sandown, 2196	Office	*	18 163,00	–	**698 000**
24 Central	6 Gwen Lane, Sandown, 2196	Mixed use (office and retail) and storage	137,18	15 654,77	12,1	**430 000**
Linbro Park	Portion 3 and 4 of Erf 9 Frankenwald Extension	Industrial	*	12 387,00	–	**151 000**
Crown Mines	Erven 1 and 2 Crown City Extension 1	Industrial	*	11 277,00	–	**104 000**
Total			**161,68**	**57 481,77**	**12,1**	**1 383 000**

** As the JSE Building, Linbro Park and Crown Mines are single tenanted buildings in the property portfolio, the weighted average rental per m² as at 29 February 2020 has been included in the weighted average rental per m² for the group.*

The properties were valued at 29 February 2020 by Peter Parfitt of Quadrant Properties Proprietary Limited, who is an independent, registered professional valuer in terms of the Property Valuers Profession Act, No. 47 of 2000.

Other information

The forward average annualised property yield was 7,75% at 29 February 2020.

STRATEGIC OVERVIEW

Newpark's strategy is to deliver capital and distribution growth to shareholders by investing in well-positioned prime commercial and industrial properties, which provide quality cash flows with the potential for upward re-rating on lease renewals and/or redevelopment opportunities within the medium- to long-term.

Our business model

How Newpark creates value

	INPUTS		OUTPUTS
FINANCIAL CAPITAL			
	Equity	R894 million	Income and capital growth for shareholders
	Long- and short-term borrowings	R452 million	
	Cash generated from operations for the year ended 29 February 2020	R91 million	
	Efficient systems, controls and processes		
MANUFACTURED CAPITAL			
	A-grade properties in Sandton CBD, Linbro Park and Crown City		Enhanced portfolio Well-managed portfolio of properties generating growing income
INTELLECTUAL CAPITAL			
	Executive and non-executive directors with extensive industry expertise and experience Sound governance structures Regulatory compliance		Optimal investment decisions Transparent disclosure
HUMAN CAPITAL			
	Properly constituted board and sub-committees with appropriate experience and independence Remuneration policy aimed at attracting and retaining key staff		Retention of key employees Attracting top talent
SOCIAL AND RELATIONSHIP CAPITAL			
	Established symbiotic relationship with major tenants and other business partners Established social and ethics committee		Enduring relationships with tenants and partners Positive contribution to wider South African society
NATURAL CAPITAL			
	Efficient use of constrained resources such as water and electricity		Waste recycling and reduction in the carbon footprints

STRATEGIC FOCUS

- Managing assets responsibly to deliver capital and distribution growth to shareholders
- Providing access to funding essential for operations and the group's ability to create value
- Investing in strategic nodes to maximise returns
- Maintaining properties to enhance their value and continually deliver on tenants' expectations

Stakeholder engagement

The board believes that establishing strong partnerships with the company's stakeholders are crucial to managing the risks and capitalising on the opportunities arising from its business activities. Key stakeholders are groups who have an impact on Newpark's business strategy and are materially impacted by its business activities. Newpark is committed to ensuring timeous, effective and transparent communication with shareholders and other stakeholders as set out below.

Key stakeholders	Key issues	How Newpark engages	Responsibility
Shareholders	• Distribution consistency • Consistent investment performance • Strategy execution • Portfolio growth • Capital appreciation • Risk management • Accessibility of executives • Timeous information	• Investor publications • Circulars, annual and interim results reporting • SENS announcements • Integrated report • AGM • Newpark's website	• Board of Directors • CEO • FD
Financiers	• Capital management • Sustainability • Investment performance • Cash generation • Corporate governance and compliance • Risk management	• Agreed reporting • Regular meetings • Integrated report	• CEO • FD • Newpark asset managers
Business partners and suppliers	• Professional working relationships • An understanding of the group's performance standards and requirements • Timely payment • Fair business practices	• Fosters a culture of teamwork • Regular meetings • Service level agreements or terms of reference, which include performance expectations	• CEO • FD • Newpark asset managers and senior management
Tenants	• Property management • Reasonable rentals and escalations • Good upkeep and maintenance of buildings	• Asset and property management meet with the tenants on a regular basis and conduct regular site visits to Newpark's properties	• Asset and property managers

Key stakeholders	Key issues	How Newpark engages	Responsibility
Independent valuers	• Reliable and timeous information	• Regular information flow • Formal and ad hoc meetings	• CEO • FD • Investment committee chairperson
Government and regulators	• Compliance • Taxation • Adherence to JSE Listings Requirements • Company legislation • Utility issues • Rates clearances • Zoning	• Engages with local authorities both directly and via its property managers and external consultants	• Management • Outsourced property administrators • External consultants
Industry associations	• Introduction of new legislation • Global and local trends	• Responsible corporate citizenship	• Newpark managers belong to industry bodies including SAPOA and SA Shopping Centre Council
Communities	• Socio-economic development • Environmental impact and the environment	• Management • Property managers • Executives	• Regular evaluation of the group's impact on society

LEADERSHIP AND GOVERNANCE

Newpark is committed to upholding the highest standards of ethics, transparency and good governance while pursuing wealth and value creation. The board is the focal point of good governance, exercising sound judgement and leading with integrity.

CHAIRPERSON AND CEO'S REPORT

It is our pleasure to present Newpark's fifth integrated report.

Newpark's vision is to build a portfolio of high-quality property assets that is capable of withstanding economic stress, and yet is able to offer attractive returns from both a capital and income perspective. The solid underpin provided by a combination of assets that have sound property fundamentals and a high-quality tenant mix, has proven its worth amidst very difficult operating conditions. Growth over the past year has taken a back seat to management of the existing assets, and whilst a number of potential acquisitions were assessed, we were unable to find the value that we required in order to execute on any of these transactions.

From a personnel perspective, January 2020 saw the resignation of our chairperson, Gary Harlow, and fellow director Dave Sevel. Both Gary and Dave had been with Newpark since our listing in 2016, and have provided valuable contributions to the business. We thank them both for their input over the years.

We welcomed Marc Wainer to our board of directors during October 2019, and subsequent to Gary's resignation, Marc assumed the role of chairperson of the board. It was with great sadness that we learned of Marc's passing away during April this year. In the short time on our board Marc brought deeper insights and energy to the team and we will certainly miss him. Our condolences are extended to his family and many friends.

Investment strategy

Whilst Newpark's mandate is relatively broad, the focus remains on securing property assets that deliver strong underlying cashflows. Three of Newpark's four assets are buildings that are let to single tenants of good credit quality on long leases. This provides a high degree of stability to Newpark's cashflows, whilst the remaining asset allows for some upside potential via asset management activities. The intention going forward is for this mix of stable, income producing properties combined with some assets that offer value to be maintained.

Market conditions

Market conditions over the past year have been extremely difficult with most of our effort going into the existing portfolio, specifically 24 Central, the only multi-tenanted property in the portfolio.

Prior to the declaration of a national state of disaster and the consequential lockdown of the country, the general outlook for the South African economy was tenuous, and the subsequent impact of COVID-19 on an already fragile situation is likely to be devastating. The year ahead is expected to be one of fighting for the survival of our tenant base whilst continuing to protect the long-term vision of the group.

Results

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

Revenue for the reporting period 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%). The profit per share of 12,16 cents (F2019: 72,02 cents per share) was predominantly driven by downward valuations. The profitability measured before fair value adjustments amounted to R45,9 million (down 12,0%). Distributable earnings increased by 3,1% to R44,65 million (F2019: R43,30 million), which is below the guidance of 6 – 8% previously given.

Distributable earnings per share

In addition to the performance measured, 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 27)	**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 dividend 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

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

Funding

A refinance of Newpark's facilities was carried out in February 2020 and the group's funding is well structured and aligned to the underlying investment profile.

Consistent with the board's interest rate risk management policy, more than 80% of the interest rate risk has been hedged with interest rate swaps expiring between 2022 and 2024 with the balance of the interest rate risk being hedged through a zero-cost dollar.

Portfolio performance

Newpark is fortunate that three of its four assets are let to single tenants of good standing. This has served the business very well over the difficult times that we are currently experiencing. 24 Central, which is a multi-tenanted office building in Sandton, has undergone a revamp in the midst of high vacancies in both the broader Sandton node and the building itself. Subsequent to this, the asset has started to attract new tenants, which is encouraging and substantiates the decision to upgrade the entrance to the building. The portfolio vacancy of 12,1% (by GLA), can be entirely attributed to 24 Central and significant effort continues to go into trying to remedy this situation.

Governance structure

Newpark prides itself on adhering to high standards of corporate governance, and on the commitment of its leadership to both the business and these high standards. The attendance record of all meetings of the board and various sub-committees bear testimony to this commitment and is particularly pleasing to note.

Sustainability and B-BBEE

Newpark is serious about managing its business in a sustainable manner and prides itself on fulfilling its responsibility to act as a good corporate citizen. Obviously, this philosophy encompasses the financial performance and risk management of the group, which it strictly adheres to, but importantly it also extends to the social and environmental spheres and the impact that Newpark is able to have on society and the environment.

The discussions Newpark commenced with a number of appropriately empowered potential partners unfortunately did not bear fruit. We have in the meantime embarked on a supplier development programme whereby we will be empowering a team of black professionals to take over the asset management of portions of the portfolio. The executive team will be supporting this team in ensuring their success in establishing themselves as a property asset manager capable of drawing business from its competitors.

Prospects

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. Assuming that our solid base can be maintained, we believe Newpark to be well-positioned to capitalise on opportunities that are likely to present themselves in a bear market.

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

Finally, we would like to extend our appreciation to our fellow directors for their sound advice, valued guidance and unflagging commitment over the past year.

Stewart Shaw-Taylor
Chairperson

Simon Fifield
CEO

DIRECTORATE

Executive directors

Simon Peter FIFIELD (44)

Chief executive officer

BSc Survey, MSc Survey, CFA Charterholder

Appointed: 7 January 2016

Simon has had a lengthy career in the property market. In 2017, he relinquished his executive responsibilities at RMB Westport, a real estate development fund which he co-founded, that is focused on property development in sub-Saharan Africa. Prior to RMB Westport, Simon worked at RMB for 12 years, where he gained experience in the Structured Finance, Private Equity and Global Markets businesses before establishing himself in the Investment Banking Division where he headed the Real Estate Investment Banking business for seven years. He has been a member of the FirstRand Bank Property Finance Credit Committee, the IBD Investment Committee as well as the RMB Westport Investment Committee. Before joining RMB, Simon worked as a land surveyor and engineer, both in South Africa and the United Kingdom.

Dries (J.A.I.) FERREIRA (42)

Financial director

Financial director BCom (Hons), CA(SA), Harvard PLD

Appointed: 1 September 2016

Dries graduated from the University of Port Elizabeth (now NMU) and later qualified as a Chartered Accountant (SA) after completing his articles with PwC (Johannesburg and Montreal). He gained experience in financial and executive management in various listed industrial groups. He was appointed group chief financial officer and executive director of DAWN Limited in 2007, a listed industrial and logistics group. He furthered his skills-base by successfully completing the Harvard Programme for Leadership Development in Boston, USA.

Independent non-executive directors

Stewart SHAW-TAYLOR (67)

Chairperson, Independent non-executive director

CA(SA)

Appointed: 1 February 2017

Stewart has more than 35 years' experience in investment banking and real estate. Prior to his retirement from Standard Bank, he was head of Real Estate Investments: Corporate and Investment Banking, responsible for the equity-related real estate activities undertaken by the division. He currently serves on a number of listed and unlisted boards.

Howard Charles TURNER (77)

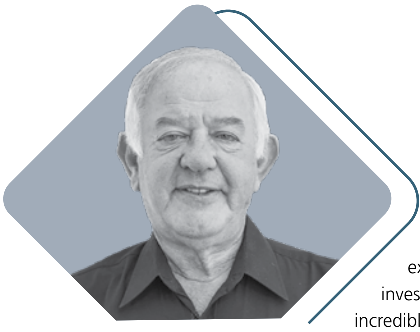
Independent non-executive director

CA(SA) SEP (Stanford)

Appointed: 7 January 2016

Howard is a qualified chartered accountant and was the managing partner of Coopers and Lybrand, Johannesburg and a member of the Coopers and Lybrand National Executive Committee. Howard was deputy chief executive officer of Group Five Limited until he retired from this role in 2004. Howard was also a member of the board of Consol Limited and chairperson of the audit and corporate governance committee. He was the chairperson of the board of the Automobile Association of South Africa from 2007 to 2015 and was the chairperson of the board of Iliad Africa Limited from 2005 to 2013.

Non-executive directors



Marc WAINER (71)
(Deceased 20 April 2020)
Chairperson, Non-executive director

Appointed: 8 October 2019

Until recently, Marc was executive chairperson of Redefine Properties Limited. He has over 40 years' experience in all aspects of real estate. His primary focus was on acquisitions and disposals, international investments and investor relations, as well as playing a role in conceptual development at Redefine. Marc brought incredible depth of experience and industry knowledge to Newpark.

Dionne Traci HIRSCHOWITZ (née Ellerine) (52)
Non-executive director

BCom LLB

Appointed: 7 December 2015

Dionne has a BCom LLB from Wits University and thereafter was admitted as an Attorney of the Supreme Court of South Africa. She lived in London for 11 years where she worked at Stenham Property managing commercial property investments for offshore clients. On her return to South Africa she was appointed as a director of Ellerine Bros. Proprietary Limited, which is involved in equity and property investments.

Kevin Murray ELLERINE (51)
Non-executive director

National Diploma in Company Administration

Appointed: 7 December 2015

Kevin joined the family business, Ellerine Holdings, in 1991 as merchandise manager. In 1993, he became property manager of Ellerine Bros. Proprietary Limited and was appointed managing director of the property division in 2000, where he remains today. He serves on the boards of numerous property and private equity companies in which Ellerine Bros. Proprietary Limited is invested.

Barry Daniel VAN WYK (54)
Non-executive director

CA(SA)

Appointed: 7 December 2015

Barry is a founding shareholder of Newpark Towers Proprietary Limited and is involved with numerous property ventures focused on the office, industrial and residential sectors within Gauteng. He has also been an independent non-executive director of Resilient REIT Limited since its listing in 2002. Prior to this, he was an executive director at Group Five Limited and managing director of Group Five Developments.

CORPORATE GOVERNANCE REPORT

Newpark is committed to high standards of ethics, transparency and good governance while pursuing wealth and value creation. The board is the focal point of good governance exercising sound judgement and leading with integrity. It is committed to implementing governance principles and practices, as are sensible for Newpark, in accordance with the recommendations of King IV™. Independent corporate governance consultants were engaged to ensure that all directors are fully conversant with best practice and current thinking with regard to corporate governance.

All directors are required to attend a formal director induction programme at the Institute of Directors in South Africa.

Ethical leadership

Newpark is committed to maintaining the highest standards of ethics and business conduct. The board is the focal point of the group's values and ethics, which reflects the directors' belief in free and fair dealings and, with commitment to compliance with all relevant laws and regulations. The directors' good standing and reputation in the business community validates this commitment. The group has implemented a code of ethics ("the Code") that stipulates, among other things, that:

- all stakeholders must act in good faith with skill and care;
- bribery in any form is not tolerated;
- conflicts of interest must be declared; and
- compliance with all relevant and applicable legislation is of the utmost importance.

All employees working on the portfolio have been made aware of their responsibilities as set out in the Code. The social and ethics committee is responsible for reviewing the Code annually.

The board confirms that it is not aware of any transgressions of the Code during the reporting period and that no issues of non-compliance have arisen. No fines or prosecutions have been levied against the group during the period under review.

The board of directors confirms that Newpark REIT Limited is in compliance with the provisions of the Companies Act, specifically relating to its establishment, and operates in conformity with its memorandum of incorporation. The board of directors is aware of the temporary non-compliance caused by the composition of the audit and risk committee. This is as a result of the compulsory restructuring of the board of directors as a result of the chairperson of the board of directors, Marc Wainer, passing away. The board has bolstered this committee with the required skills and experience whilst reconsidering the options at its disposal to correct the composition of this critical sub-committee.

The board

Members

Executive directors

Simon Fifield (CEO)

Dries Ferreira (FD)

Independent non-executive directors

Stewart Shaw-Taylor (Chairperson – appointed 19 May 2020)

Howard Turner

Non-executive directors

Marc Wainer (Chairperson – deceased 20 April 2020)

Dionne Hirschowitz

Kevin Ellerine

Barry van Wyk

Newpark's board comprises two executive directors and five non-executive directors, of whom two are independent. The responsibilities of the Independent Chairperson, the CEO, and the remaining independent non-executive, non-executive and executive director, are strictly separated to ensure that no director can exercise unfettered decision-making. The non-executive directors and the independent non-executive directors contribute a wide range of relevant industry skills, knowledge and experience, to the board's decision-making processes. Ultimate control of the group rests with the board, while the executives are responsible for the proper execution of the group strategy. To achieve this, the board determines the objectives of the group and sets the philosophy for investments, performance and ethical standards. Quarterly board meetings are held with additional meetings convened, when necessary.

Newpark's executive directors do not have fixed-term contracts and have a notice period, for termination or resignation, of three calendar months. There is no restraint of trade period in place in respect of executive directors. In terms of the company's Memorandum of Incorporation ("MOI"), one-third of the directors must be re-elected annually.

Functions and responsibilities of the board

A formal board charter is in place. This sets out the board's responsibilities and the authorities that govern the actions of the board and its directors with a view to ensuring the sustainability of the company. The board confirms that it is responsible for ensuring the following functions as set out in the board charter:

- Maintaining good corporate governance and the implementation of the code of corporate practices and conduct as set out in recommendations of King IV™.
- Ensuring that the group performs at an acceptable level and that its affairs are conducted in a responsible and professional manner.
- Upholding the board's responsibilities to all stakeholders.

Although certain responsibilities are delegated to committees or executives, the board acknowledges that it is not discharged from its accountability with regard to these matters. The board acknowledges its responsibilities, as set out in the board charter, in the following areas:

- Adoption of strategic plans and ensuring that these plans are carried out by the executives.
- Monitoring of operational performance of the business against predetermined budgets and targets.
- Monitoring performance at both operational and executive level.
- Ensuring that the group complies with all relevant laws, regulations and codes of business practice.
- The development of a policy and plan that provides for an effective system and process of risk management.
- Ensuring a clear division of responsibilities at board level to ensure a balance of power and authority.
- Ensuring the integrity of the group's integrated report.
- Appointing the chief executive officer.
- Establishing a framework for the delegation of authority.

The board is satisfied that its functions and responsibilities have been fulfilled.

Independence of the board

Newpark ensures the independence of the board through the following practices:

- Appointment of an independent non-executive director as chairperson.
- Clear separation of the roles of chairperson and CEO.
- Appointment of a minimum of two independent non-executive directors.
- The audit and risk committee and the social and ethics committee are chaired by an independent non-executive director.
- The remuneration committee is chaired by a non-executive director.

- No service contracts are in place in respect of non-executive directors.
- All directors have access to the advice and services of the company secretary and, with prior agreement from the chairperson, all directors are entitled to seek independent professional advice concerning the affairs of the group at the group's expense.

The independence of the independent non-executive directors was assessed and all were deemed to meet the requirements of independence in terms of the recommendations of King IV™. The continued independence of these directors will be annually evaluated and confirmed.

Nominations

The board is collectively responsible for the identification, assessment and appointment of new directors, in a formal and transparent manner that is free from the dominance of any one particular shareholder. Any new appointees must possess the requisite skills to make a meaningful contribution to board deliberations and to enhance the composition of the board.

Due to the size of the group, the board does not currently deem it necessary to establish a nominations committee.

Directors' personal interests

A full list of directors' interests is maintained and directors, at the beginning of each board meeting, are required to confirm that the list is correct. Directors recuse themselves from any discussion and decision in which they have a material financial interest.

Attendance at meetings

The attendance at meetings are recorded in the table below.

Newpark board meeting attendance for the year ended 29 February 2020

	Date of meeting				
Name	**21 May 2019**	**16 Jul 2019**	**8 Oct 2019**	**24 Jan 2020**	**Total**
Executive directors					
SP Fifield	√	√	√	√	**4/4**
JAI Ferreira	√	√	√	√	**4/4**
Non-executive directors					
GD Harlow (Chairperson) [1]	√	√	√	√	**4/4**
M Wainer (Chairperson) [2]	n/a	n/a	n/a	√	**1/1**
HC Turner	√	√	√	√	**4/4**
DI Sevel [1]	√	√	√	√	**4/4**
BD van Wyk	√	√	√	√	**4/4**
DT Hirschowitz	√	√	√	√	**4/4**
KM Ellerine	√	√	√	√	**4/4**
S Shaw-Taylor	√	√	√	√	**4/4**

[1] *Resigned with effect from 28 January 2020*

[2] *Appointed with effect from 8 October 2019, deceased 20 April 2020*

Audit and risk committee

Members: Howard Turner (Chairperson), Dionne Hirschowitz and Barry van Wyk

Following Gary Harlow and David Sevel's resignations as independent non-executive directors and members of the audit and risk committee with effect from 28 January 2020, Stewart Shaw-Taylor, Dionne Hirschowitz and Barry van Wyk were appointed as members of the committee, effective 28 January 2020. Stewart Shaw-Taylor stepped down as an audit and risk committee member after being appointed as chairperson of the board on 19 May 2020. Even though Barry and Dionne are not independent in terms of King IV™, they both meet the minimum independence criteria as set out in section 94(4) (a) and (b) of the Companies Act.

Invitees: CEO, FD, company secretary and the external auditors

The committee meets at least three times per year. Special meetings are convened as and when required.

Meeting attendance

Attendance at audit and risk committee meetings by the directors during the period 1 March 2019 to 29 February 2020 is outlined below.

Newpark audit and risk committee meeting attendance register for the year ended 29 February 2020

	Date of meeting			
Name	14 May 2019	8 Oct 2019	24 Jan 2019	Total
HC Turner (Chairperson)	√	√	√	3/3
GD Harlow [1]	√	√	√	3/3
DI Sevel [1]	√	√	√	3/3
S Shaw-Taylor [2; 3]	n/a	n/a	n/a	0/0
DT Hirschowitz [2]	n/a	n/a	n/a	0/0
BD van Wyk [2]	n/a	n/a	n/a	0/0

1 *Resigned with effect from 28 January 2020*
2 *Appointed with effect from 28 January 2020*
3 *Resigned from this committee on 19 May 2020*

Role and responsibilities of the audit and risk committee report

The audit and risk committee is governed by a charter, which was approved by the board and is reviewed annually. The board makes appointments to the committee, which are subject to approval by shareholders annually at the company's annual general meeting. The board has determined that the committee members have the skills and experience necessary to contribute meaningfully to the committee's deliberations. The committee members have unfettered access to all information, documents and explanations required in the discharge of their duties and to the external auditors.

The audit and risk committee is responsible for reviewing the finance function of the company on an annual basis.

The primary role of the audit and risk committee is:

- overseeing the audit process and relations with the external auditors;
- assisting the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and internal control processes;
- ensuring that an effective plan for risk management is implemented;
- overseeing the preparation of accurate financial reports and statements in compliance with all applicable legal requirements and accounting standards;

- ensuring compliance with good governance practices;
- nomination of independent external auditors; and
- ensuring the integrity of financial reporting.

The committee is responsible for the company's systems of internal, financial and operational controls. The executive directors are charged with the responsibility of determining the adequacy, extent and operation of these systems.

Comprehensive reviews and testing of the effectiveness of the internal control systems in operation are performed by the appointed asset and property managers in conjunction with external audits conducted by external practitioners (whose work will be overseen by, and reported to, the audit and risk committee). These systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements, to safeguard, verify and maintain accountability of the company's assets, and to identify and minimise the likelihood of significant fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations.

Due to the size of the company, the board does not currently consider it necessary to maintain a full-time internal audit function. This position will be reviewed and assessed on an annual basis. The board has mandated the audit and risk committee to initiate internal audit investigations as and when deemed necessary.

The audit and risk committee may authorise the engagement of the external auditors for non-audit services after consideration of the following:

- the essence of the work to be performed may not be of a nature that any reasonable and informed observer would construe as being detrimental to good corporate governance or in conflict with that normally undertaken by the accountancy profession;
- the nature of the work being performed will not affect the independence of the appointed external auditors in undertaking the normal audit assignments; and
- the work being done may not conflict with any requirement of International Financial Reporting Standards or principles of good corporate governance.

The audit and risk committee must consider, on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the financial director and the company must confirm this by reporting to shareholders in its integrated report that the audit and risk committee has complied with its obligations.

The committee is an integral component of the risk management process and reviews the activities relating to control over significant risks and the implementation of risk management strategies and policies.

The committee has reviewed and confirms that the company has complied with the risk management policy which is in accordance with industry practice and specifically prohibits Newpark from entering into any derivative transactions that are not in the normal course of the company's business.

Internal financial and operating controls

A framework of financial reporting, internal and operating control has been established by the board to provide reasonable assurance of accurate and timeous reporting of business information, safeguarding of group assets, compliance with relevant laws and regulations and financial information and general operation. The committee has reviewed and is satisfied with the effectiveness of the internal financial and operating controls, the process of risk management and the monitoring of governance and legal compliance within the group.

Combined assurance

Newpark's combined assurance model is based on three levels of assurance for all significant risks. Level one is management assurance originated by the outsourced property administrators. Level two is internal assurance, achieved through oversight by executive management of the group. Level three is external assurance achieved through the oversight by the independent non-executive directors and the external auditors. By adopting this approach, the group considers that it is doing everything reasonably practicable to give assurance that risks are mitigated and that effective controls are in place.

Investment committee

Members: Marc Wainer (Chairperson – deceased 20 April 2020), Barry van Wyk, Dionne Hirschowitz, Kevin Ellerine and Stewart Shaw-Taylor (Chairperson – appointed 19 May 2020)

Invitees: CEO, FD

An investment committee charter that governs the investment committee's responsibilities and duties was approved and adopted by the board in FY 2016. All members of this committee have extensive experience and technical expertise in the office, retail and industrial property sectors.

The investment committee considers all acquisitions, disposals and capital expenditure for recommendation to the board.

The committee's meetings are ad hoc, and non-formal in nature and recommendations on investment responsibilities and duties are made to the board, which is the ultimate decision-maker on investments.

Remuneration committee

Background statement

Members: Stewart Shaw-Taylor (Chairperson – resigned 19 May 2020), Dionne Hirschowitz (Chairperson – appointed 19 May 2020), Howard Turner and Barry van Wyk (appointed 19 May 2020)

Following David Sevel's resignation as independent non-executive director and chairperson of the remuneration committee with effect from 28 January 2020, Stewart Shaw-Taylor was appointed as member and chairperson of the committee, effective 28 January 2020. Stewart resigned from the remuneration committee following his appointment as chairperson of the board on 19 May 2020. On 19 May 2020, Dionne Hirschowitz was appointed as chairperson of the remuneration committee.

Invitees: CEO, FD and company secretary

Meeting attendance

The remuneration committee met once during the year, on 14 May 2019, and all members were present.

A charter governs the committee's responsibilities and duties.

Annual general meeting – voting on remuneration

In terms of the Companies Act, fees of non-executive directors for their services as directors must be submitted for approval by special resolution by shareholders within the two years preceding payment. Additionally, resolutions to cast non-binding advisory votes in respect of the remuneration policy and the remuneration implementation report should be presented to shareholders.

At the annual general meeting held on 16 July 2019, these resolutions were presented to shareholders. Non-binding advisory resolutions number 1 and 2 (remuneration policy and remuneration implementation report) as well as special resolution number 3 (non-executive directors' remuneration) were passed by 100% of the 93 974 786 votes that were presented/represented at the annual general meeting, being 93,98% of the total number of Newpark shares that could have been voted at the annual general meeting.

The remuneration policy records the measures that the board commits to take in the event that either the remuneration policy or the remuneration implementation report, or both, be voted against by 25% or more of the voting rights exercised, which measures provide for taking steps in good faith and with best reasonable effort to:

- enter into an engagement process to ascertain the reasons for the dissenting votes; and
- appropriately address legitimate and reasonable objections and concerns raised, which may include amending the remuneration policy, or clarifying and adjusting remuneration governance and/or processes.

Summary of remuneration policy

The committee is responsible for the group's remuneration policy, specifically pertaining to the executive directors. The committee is tasked with ensuring that directors and executives are remunerated fairly and responsibly. The committee considers the mix of fixed remuneration as well as short-term and long-term incentives. Incentives are based on targets that are stretching, verifiable and relevant.

Remuneration of non-executive directors, who do not receive incentive awards, is reviewed and recommended by the committee to the shareholders for approval at the annual general meeting.

For emoluments paid during the 2020 financial year, please refer to note 32 to the financial statements.

The proposed emoluments of the non-executive directors for the 2021 financial period are set out in the table below.

The directors are remunerated by Newpark. Other than fees paid to the company secretary in respect of company secretarial services, Capensis Real Estate (a related party to the CEO) for asset management services and WellCapital (a related party to the financial director) for professional financial services, the company has not entered into any contracts relating to directors and/or managerial remuneration, secretarial and technical fees and restraint payments.

Remuneration implementation report

The remuneration policy resulted in a fixed reward structure whereby the CEO and FD receive quarterly payments. No variable remuneration was paid during the reporting period. Both the CEO and FD delivered against the pre-defined objectives linked to the fixed remuneration and details of remuneration paid are disclosed in note 33 to the financial statements.

Non-executive directors' fees for the year ended 29 February 2020 and proposed fees for 2021:

	Directors' annual fees	
Position	**2020 Actual R**	**2021 Proposed R**
Chairperson of the board	**268 000**	268 000
Non-executive member of the board	**179 000**	179 000
Audit and risk committee chairperson	**54 000**	54 000
Audit and risk committee member	**36 000**	36 000
Remuneration committee chairperson	**36 000**	36 000
Remuneration committee member	**24 000**	24 000
Social and ethics committee chairperson	**36 000**	36 000
Social and ethics committee member	**24 000**	24 000
Investment committee chairperson	**18 000**	18 000
Investment committee member	**12 000**	12 000

Stewart Shaw-Taylor
Remuneration committee chairperson
until 19 May 2020 when he was appointed as
chairperson of the board

Dionne Hirschowitz
Remuneration committee chairperson
from 19 May 2020

Social and ethics committee

Members: Howard Turner (Chairperson), Kevin Ellerine and Barry van Wyk

Following David Sevel's resignation as independent non-executive director and member of the social and ethics committee with effect from 28 January 2020, Barry van Wyk was appointed as member of the committee, effective 28 January 2020.

Invitees: CEO, FD

The social and ethics committee is a statutory committee focused on monitoring compliance with labour legislation as well as corporate social responsibilities, corporate citizenship, the impact of the company's activities on the environment, health and safety and customer relations. The committee executes the duties assigned to it by the Companies Act as well as any additional duties assigned to it by the board of directors. A charter governs the committee's responsibilities and duties.

Social and ethics committee report

During the reporting period, the social and ethics committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and there have been no instances of material non-compliance to disclose.

The board is committed to the spirit and principles of broad-based black economic empowerment (B-BBEE), including socio-economic development objectives.

The committee assists the board in ensuring that there are appropriate strategies and policies in place to progress transformation.

The committee seeks to address any and all issues pertaining to the transformation of the group into an organisation that is not only relevant in the context of a democratic South Africa, but also to ensure that the composition of the group is fully representative of the cultural landscape that is prevalent in the country. Newpark seeks to implement, through careful and considered processes, measures that do not detract from the group's long-term goal of delivering sustainable returns to all shareholders and stakeholders alike.

The group has taken the decision to adopt a holistic approach to empowerment, addressing skills development, employment equity promotion in the workplace, procurement practices which support developing businesses and suppliers, enterprise creation and equity ownership in the group.

In order for the group to remain competitive, enhance profitability and ensure its long-term sustainability, it is imperative that it not only complies with the requirements of the Broad-Based Black Economic Empowerment Act and related Codes of Good Practice (the Codes), but that the implementation of transformation objectives is done in such a manner so as to bring meaningful economic participation to a broad base of historically disadvantaged individuals through economic exposure and the sharing of wealth creation resulting from the group's economic activities.

Newpark has embarked on its journey to become a compliant B-BBEE company. The group will be performing its third scorecard assessment during the 2020 financial year based on the Property Sector codes which were Gazetted during June 2017.

The group is pursuing an increased focus on transformation and, to this end, a policy has been drafted which aligns with the principles of the Property Sector codes.

Transformation goals and objectives pertain to equal opportunity employment, diversity management, recruitment and selection, rewards and benefits, leadership development and training. The focus in the coming year will be to assess the viability and establish targets for each of the five elements as measured by the Codes.

The board, furthermore, wishes to outline its commitment to the improvement of its B-BBEE scorecard. This must, however, be seen in the context of the current economic realities around identifying affordable options that can serve the needs of redress and, at the same time, not lead to a disproportionate cost for existing shareholders. The key to unlocking this improvement is actively pursued in the same context of growing the group's portfolio of assets, addressing the lack of shareholder-spread and continuously assessing the group's readiness for employing full-time employees from designated cultural-groups. The growth mandate remains subject to available opportunities that satisfy the board's investment criteria.

Accordingly, the group has initiated steps to establish a new black-owned property asset management company as part of its enterprise and supplier development objectives and will be equipping this team of young professionals with the necessary skills and turnover to establish themselves as a sustainable black-owned property asset manager. This team will be taking over portions of the portfolio over the coming months.

The group's rating relating to its second scorecard assessment measures the group as a level-8 contributor. The objective of the board is for the group to be recognised as a Compliant Contributor within the medium term.

B-BBEE scorecard for F2020

	2020		2019	
Element	**Weighting**	**Score**	**Weighting**	**Score**
Ownership	**33**	**–**	33	–
Management control	**11**	**–**	11	–
Enterprise and supplier development	**43**	**2,56**	43	1,83
Socio-economic development	**2**	**–**	2	–
Economic development	**5**	**–**	5	–
Youth employment service initiative	**3**	**–**	3	–
Overall score	**97**	**2,56**	**97**	**1,83**
Adjusted for REIT	**132/97x4,69**	**3,59**	**132/97x4,69**	**2,57**

Meeting attendance

Attendance at social and ethics committee meetings by the directors during the period 1 March 2019 to 29 February 2020 is outlined below.

Newpark social and ethics committee meeting attendance for the year ended 29 February 2020

	Date of meeting	
Name	**8 Oct 2019**	**Total**
HC Turner (Chairperson)	√	**1/1**
KM Ellerine	√	**1/1**
DI Sevel [1]	√	**1/1**
BD van Wyk [2]	n/a	**0/0**

[1] *Resigned with effect from 28 January 2020*

[2] *Appointed with effect from 28 January 2020*

Howard Turner

Social and ethics committee chairperson

Company secretary

The board has direct access to the company secretary, CIS Company Secretaries Proprietary Limited, who provides guidance and assistance in line with the requirements outlined in the Companies Act, King IV™ and the JSE Listings Requirements.

The independence, competence, qualifications and experience of the company secretary is subject to annual evaluation by the board. For the period under review, the board considered the competence, qualifications and experience of the company secretary and is satisfied that the company secretary is deemed fit to continue in the role as company secretary for Newpark.

The company secretary's relationship with the board has been assessed and is considered to be at arm's length.

Information technology governance

The board is ultimately responsible for IT governance. The financial director oversees the information technology function, attends the executive committee meetings and reports to the CEO. The risks and controls over information technology assets and data are considered by the audit and risk committee.

Dealing in securities by the directors

Dealing in the group's securities by directors and group officials is regulated and monitored, as required by the JSE Listings Requirements and the group's policy. Newpark maintains a closed period from the end of a financial reporting period to the date of publication of the financial results.

Promotion of Access to Information Act

There were no requests for information lodged with the group in terms of the Promotion of Access to Information Act, No. 2 of 2000, during the period under review.

Diversity policy

The group is committed to actively managing diversity as a means of enhancing the company's performance by recognising and utilising the contribution of diverse skills and talent of its directors. Diversity may result from a range of factors including age, gender, ethnicity, cultural background, race or other personal factors.

The policy applies to the board. It does not apply to diversity in relation to employees of Newpark, which is covered by the company's employment equity policy, according to South African labour legislation.

The board has adopted a diversity policy at board level and will report annually, in the corporate governance section of the integrated report, on the process it has used in relation to board appointments. The committee will review the policy annually, which will include an assessment of the effectiveness of the policy.

The board diversity targets are as follows:

- The target for race diversity has not been set, but the board is of the view that there should be a balance of historically disadvantaged candidates and white representation on the board. A race diversity target of 25% historically disadvantaged directors is the target, to be achieved over an appropriate time frame and aligned to the group's acquisition profile.
- The target for gender diversity has not been set, but the board is of the view that there should be a balance of male and female representation on the board. A gender diversity target of 25% female directors is the target, to be achieved over an appropriate time frame and aligned to the group's acquisition profile.

The board retains overall responsibility for diversity management and for the definition of the company's overall diversity strategy including progress toward the stated objectives. During the period under review the composition of the board was changed to move closer to its targeted objectives. The board has achieved some progress on these targets by reducing the size of the board. Whilst progress on the race composition is still receiving attention the platform has been created to gain traction on these targets.

RISK MANAGEMENT

The board retains overall responsibility for risk management and for the definition of the company's overall risk strategy and tolerance, having considered the recommendations of the audit and risk committee.

Risk	Impact	Mitigation strategies
Investment property portfolio		
Inability to source suitable properties to acquire	• Inability to grow the portfolio	• Regular interaction with key people in the industry
Damage to investment property	• Financial loss to the company and reduced asset value	• Comprehensive insurance policy based on replacement value of investment property • Regular review of insurance policy and insured values • Performing regular maintenance on properties
Operational performance		
Vacancies and rental default, exacerbated by the recent lockdown implemented as a result of the national state of disaster caused by the COVID-19 outbreak.	• Reduced profitability and returns to stakeholders • Declining property valuations, reduced net asset values and risk of breach of financial covenants	• Strong focus on tenant relationships to ensure retention • Targeted leasing strategy • Early renewal negotiations • Effective credit control procedures for defaulting tenants • Affording appropriate financial support to tenants during the lockdown period
Negative rental-reversions	• Declining property valuations • Reduced earnings and cash flows • Reduced distributions	• Negotiating long-term leases • Sourcing A-grade tenants • Regular upgrades of facilities
Financing		
Interest rate risk	• Increased cost of borrowings will reduce shareholder value	• Maintain appropriate level of fixed interest rates and hedging
Failure to secure funds for acquisitions	• Inability to grow the portfolio	• Regular interaction with investors and bankers to ensure the availability of equity and/or debt for funding of acquisitions

Risk	Impact	Mitigation strategies
Governance		
Non-compliance with regulations, e.g. JSE Listings Requirements	• Imposition of censures by the JSE • Suspension or termination of the company's listing	• Active monitoring by corporate sponsors and company secretary
Reputational risk	• Loss of investor confidence and share price volatility	• Regular communication with stakeholders
Skills and systems		
Loss or operational inadequacy of key staff and advisers	• Reduced operational capability and consequential impact on shareholder value	• Relationships with key advisers governed by appropriately termed contracts • Ability to replace advisers in the event of failure • Attractive remuneration and working environment in place to encourage retention of key staff
Information technology ("IT") failure	• Loss of revenue as a result of loss of data • Impact on the company's reputation in the event that the data is not recovered promptly	• Support of appropriately skilled IT resources and contractors

KING IV™ APPLICATION REGISTER 2020

Newpark has benchmarked the company's governance practices against the principles of King IV™. This King IV™ application register explains the extent to which Newpark complies with King IV™.

King IV™ principle	Application
Governance outcome: Ethical culture	
PRINCIPLE 1: Ethical leadership The governing body should lead ethically and effectively.	The board has approved a Code of Conduct for Newpark and ensures that its own and management's conduct set the example for how the company's values are conducted. Measures are in place to ensure that all board members have sufficient working knowledge of the organisation, its industry, its operating context and all key laws, rules, codes and standards.
PRINCIPLE 2: Organisation values, ethics and culture The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The board ensures compliance with the Code of Conduct is integrated into the strategy and operations of Newpark. The group's ethics are contained in its vision; strategies and operations; its decisions and conduct; and the way it treats its internal and external stakeholders. This Code of Conduct is supported by a Code of Ethics approved annually. The code provides guidance on ethical conduct in all areas and across all activities of the business.
PRINCIPLE 3: Responsible corporate citizenship The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The board takes responsibility for and oversees how Newpark promotes socio-economic development opportunities and promotes opportunities for underprivileged social groupings. A social and ethics committee was constituted during the FY 2016 in terms of South Africa's Companies Act requirements.
Governance outcome: Performance and value creation	
PRINCIPLE 4: Strategy, implementation and performance The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The board challenges and signs off on management's proposed strategies in terms of the group's purpose, business value drivers and the legitimate interests of our stakeholders. Management has processes in place to define and align the group's short-, medium- and long-term macro-economic, financial, operational and strategic objectives with its risk appetite. The board considers sustainability to be a business opportunity and recognises that all our capital resources are interconnected – as one capital resource is increased or created, another is depleted. The board and management endeavour to balance the use of capital resources to support future sustainability. Policies and operational plans approved by the board include financial, ethical, compliance, sustainability, performance and risk measures.

King IV™ principle	Application
PRINCIPLE 5: Reports and disclosure The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.	Newpark's integrated report shares the collective thinking applied to material issues impacting on the group's ability to create long-term value. The report aims to provide a balanced and succinct view of Newpark's financial and non-financial performance in accordance with the IIRC framework. It provides information on Newpark's strategies for growth, efficiency, quality, sustainability, corporate governance and accountability. Our preparation of this report was guided by the principle of materiality. A matter is considered material if it can substantively affect the group's ability to create and sustain value over the short-, medium- or long-term. After determining material matters, we assess these against the need to provide Newpark's actual and potential providers of capital with a concise 360˚ view of the business.
Governance outcome: Adequate and effective control	
PRINCIPLE 6: Role of the governing body The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The board's role, responsibilities, membership requirements and procedural conduct are documented in a board charter that is reviewed from time to time. The board has approved a protocol that allows all directors to access any company information they might require.
PRINCIPLE 7: Composition of the governing body The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	When determining the number of directors needed, the board considers factors such as the appropriate mix of business, commercial and industry experience and skills. We also decide on the optimum combination of executive, non-executive and independent non-executive members. Prospective members of the board are independently and thoroughly assessed in line with JSE guidelines. The Newpark board considers this present mix of two executive directors, three non-executive directors and two independent non-executive directors as appropriate for the group's current setup. The board is continuously reassessing the composition of the board with reference to the audit and risk committee where the board must identify additional independent non-executive directors in order to be compliant with King IV™ recommended best practice.
PRINCIPLE 8: Committees of the governing body The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	The board has established a stable and balanced distribution of skills, experience and role allocation through all its committees in terms of paragraph 3.84(c) of the JSE Listings Requirements. A set policy stipulates a clear balance of power and authority at board level, to ensure that no one director has unfettered powers of decision-making. The board of directors performs the function and responsibility of the nominations committee. A social and ethics committee was constituted during the 2016 financial year in terms of the Companies Act.

King IV™ principle	Application
PRINCIPLE 9: Performance evaluations The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The board determines its own role, functions, duties and performance criteria as well as that for directors and board committees. An annual effectiveness self-evaluation is undertaken in respect of the board and its sub-committees and, for the reporting period, the board satisfied itself that it and its subcommittees operated effectively. In addition, the chairperson also ensures the board operates effectively by regularly engaging with the non-executive directors on their performance and other matters that may need to be raised with executive directors. Any pertinent matters of concern are conveyed by the chairperson to the chief executive officer (CEO) and the financial director.
PRINCIPLE 10: Delegation to management The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	The CEO, Mr Simon Fifield, was appointed by the board on 7 January 2016 and is responsible for executing strategy and the day-to-day business of the company. The CEO is not a member of the remuneration committee or the audit and risk committee. Newpark utilises an approved Delegation of Authority (DoA) framework to assist in maintaining proper delegation of authority. The framework indicates matters reserved for the board and those delegated to management. The board is satisfied that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. Newpark complies with the provisions of the Companies Act in relation to the appointment and removal of the company secretary. The role and function of the company secretary is formalised.
PRINCIPLE 11: Risk and opportunity governance The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.	The board is ultimately responsible for setting the risk appetite of the group, identifying strategic risks and opportunities and managing these. This responsibility for risk governance is expressed in the board charter and risk policy and plan. The board ensures that appropriate risk management programmes are in place and monitors their implementation against key risk indicators. The board has approved and oversees policy that articulates and gives effect to its set direction on risk. Each group operation maintains a risk register listing identified risks, which risk register is evaluated on an ongoing basis. Each year the board evaluates the company's risks against current realities and resets risk tolerances as necessary. The board has delegated the management of risk to the group's management team, which executes this responsibility through processes within an established risk management policy and governance framework.

King IV™ principle	Application
PRINCIPLE 12: Technology and information governance The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The board is responsible for IT governance. The financial director directs, controls and measures the IT activities and processes of the group. Internal IT controls are assessed by the audit and risk committee on behalf of the board. Obsolete technology and information are disposed of responsibly, with due regard to its environmental impact and information security. The information governance strategy is aligned to Newpark's business needs and sustainability objectives and complies with the Protection of Personal Information Act ("POPI") and the POPI Regulations, which were published on 14 December 2018.
PRINCIPLE 13: Compliance governance The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Newpark is a registered and incorporated as a public company in accordance with the Companies Act. The board ensures compliance with all relevant South African legislation and its Memorandum of Incorporation which has been prepared in compliance with the Companies Act and the JSE Listings Requirements.The group also recognises and utilises the IIRC's framework and the Global Reporting Initiative (GRI) guidelines for establishing and reporting on non-financial capitals and sustainability.
PRINCIPLE 14: Remuneration governance The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.	The group's remuneration philosophy seeks to reward executive directors and other senior management for individual and group performance. It recognises that these individuals can significantly impact the group's performance over the short-, medium- and long-term. The group's remuneration policy provides a framework for remuneration to attract, retain and motivate employees to achieve the strategic objectives of the organisation, within its risk appetite and risk management framework. The remuneration committee assists the board in approaching and administering remuneration. The remuneration committee comprises primarily of non-executive directors, which monitors and strengthens the credibility of the group's executive remuneration system.
PRINCIPLE 15: Assurance The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The board has approved a charter that mandates the audit and risk committee to oversee internal controls established not only for financial matters, but also for operational, compliance and sustainability issues.
Governance outcome: Trust, good reputation and legitimacy	
PRINCIPLE 16: Stakeholders In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Stakeholders are assessed as part of Newpark's risk management process. Stakeholders have been identified as a key strategic pillar, therefore, stakeholder risks and concerns are carefully considered when reviewing and refining strategy. The CEO and the financial director engage with investors and analysts at corporate level. The board also engages with shareholders at the annual general meeting and on an ad hoc basis, when required.

ANNUAL FINANCIAL STATEMENTS

Newpark's financial position remains robust with healthy gearing levels. The group's funding is well structured and aligned to the underlying investment profile.

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The reports and statements set out below comprise the consolidated financial statements presented to the shareholders:

The consolidated financial statements have been audited by independent auditors.

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors, whose names are stated below, hereby confirm the following:

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the group and company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the group and company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and company and all employees are required to maintain the highest ethical standards in ensuring the group and company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group and company is on identifying, assessing, managing and monitoring all known forms of risk across the group and company. While operating risk cannot be fully eliminated, the group and company endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The group and company's audit and risk committee plays an integral role in risk management as well as overseeing the group and company's integrated reporting.

The Code of Corporate Practices and Conduct has been integrated into the group and company's strategies and operations.

The directors are of the opinion, based on the information and explanations given by management and having fulfilled their role and function within the combined assurance model pursuant to principle 15 of the King Code, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Should an event arise where the directors are not satisfied with the internal financial controls, the directors will disclose to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and will take the necessary remedial action. During the reporting period, the directors were satisfied with the internal financial controls and no remedial action was required.

The directors have reviewed the group and company's cash flow forecasts for the year to 28 February 2021 and, in the light of this review and the current financial position, they are satisfied that the group and company have or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors were given unrestricted access to all financial records and related data, including minutes of meetings of shareholders and the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditors are responsible for independently auditing and reporting on the company's consolidated financial statements. The consolidated and separate financial statements have been examined by the group and company's external auditors and their report is presented on pages 44 to 47.

The financial statements set out on pages 48 to 105, which have been prepared on the going concern basis, were approved by the board of directors on 19 May 2020 and were signed on its behalf by:

Simon Fifield
CEO

Dries Ferreira
Financial director

COMPANY SECRETARY'S CERTIFICATION

Declaration by the Group Secretary in respect of section 88(2)(e) of the Companies Act

In accordance with the provisions of section 88(2)(e) of the Companies Act, I certify that for the year ended 29 February 2020 the company has lodged with the registrar of companies all such returns as are required of a company in terms of the Companies Act, and that all such returns are true, correct and up-to-date.

CIS Company Secretaries Proprietary Limited
Company secretary

19 May 2020

AUDIT AND RISK COMMITTEE REPORT

for the year ended 29 February 2020

The committee comprised two independent non-executive directors, Howard Turner and Stewart Shaw-Taylor, at year-end and two non-executive directors, Dionne Hirschowitz and Barry van Wyk. Marc Wainer, chairperson of the board at year-end, sadly passed away on 20 April 2020. With this vacancy arising, Stewart took up the role of chairperson of the board and unfortunately had to step down as independent member of the audit and risk committee. The remaining skills on the audit and risk committee were assessed and found to be adequate. A short curriculum vitae for each of these directors has been set out on pages 16 and 17 for the integrated report, demonstrating their suitable and relevant skills and experience. The board is aware of the vacancy on the audit and risk committee with regards to the requirement to have three independent non-executive directors appointed, however, with the current board constitution this is not possible. Solutions for this situation are being assessed.

The committee aims to meet three times a year. Special meetings are convened as required. The external auditors and executive management are invited to attend every meeting. The committee's duties are set out on pages 21 and 22.

In compliance with its oversight role in relation to the preparation of this report, the audit and risk committee has given due consideration to all factors and risks that may impact the integrity of the integrated report.

The audit and risk committee has satisfied itself that BDO South Africa Incorporated and Stephen Shaw, the designated auditor, are independent of the company and also confirms that their appointment is in accordance with paragraph 3.86 of the JSE Listings Requirements.

The committee confirms that it is satisfied that the financial director, Dries Ferreira is competent, appropriately qualified and experienced and that the finance function has adequate resources and sufficient expertise.

The committee considered the 2019 JSE Report on Proactive Monitoring, issued on 20 February 2020, and has taken the appropriate action to apply the findings.

The audit and risk committee recommended the integrated report to the board for approval.

The audit and risk committee recommended the annual financial statements for the year ended 29 February 2020, to the board for approval. The board has subsequently approved the annual financial statements, which will be presented for discussion and adoption at the forthcoming annual general meeting.

The audit and risk committee is satisfied that appropriate risk management processes are in place and has obtained combined assurance from the outsourced property administrators, executive management, the independent non-executive directors and the external auditor. The committee has monitored compliance with the company's risk management policy and confirms that the company has complied with the material aspects of the policy.

In accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements, the committee further confirms that the group has established appropriate financial reporting procedures and that those procedures are operational.

Howard Turner
Audit and risk committee chairperson

DIRECTORS' REPORT

for the year ended 29 February 2020

The directors have pleasure in presenting their report on the consolidated financial statements of Newpark and the group for the year ended 29 February 2020.

1. NATURE OF BUSINESS

Newpark was registered and incorporated as a public company on 7 December 2015. Newpark is a property holding and investment company, that through its subsidiaries, is invested in A-grade properties.

Newpark's investment strategy is to seek well-positioned prime properties that provide good yielding income flows with a potential of upward rating on lease renewals and/or re-development opportunities within the medium (5 – 10 years) to long-term (10 – 20 years).

The JSE granted Newpark a listing of all of its issued shares on the JSE in the "Diversified REITs" sector of the Alt^X of the JSE under the abbreviated name: "Newpark".

JSE share code: NRL and ISIN: ZAE000212783 with effect from 3 February 2016.

2. TYPE OF COMPANY

Newpark is registered as a public company in terms of the Companies Act.

3. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act.

The operating results and state of affairs of the group and company are fully set out in the attached financial statements and do not, in our opinion, require any further comment.

Registered office and business address	51 West Street Houghton, 2198 Gauteng
Postal address	PO Box 3178 Houghton, 2041 Gauteng

4. AUTHORISED AND ISSUED SHARE CAPITAL

Total number of ordinary shares	Number of shares
Authorised	2 000 000 000
Issued	100 000 001

5. DIVIDENDS

The following dividends were declared by Newpark in respect of the year ended 29 February 2020:

- Dividend number 11 was an interim dividend of R24 320 739,22. The dividend was declared on 9 October 2019 to the shareholders recorded in the register of the company as at 2 November 2019 and paid on 5 November 2019.
- Dividend number 12 is the final dividend for the 2020 financial year amounting to R15 744 000,00. The dividend was declared on 19 May 2020 and shareholders recorded in the register of the company as at 12 June 2020 will receive the cash dividend distribution on 15 June 2020.

6. DIRECTORS

The directors in office at the date of this report are as follows:

Directors	Designation
M Wainer	Chairperson, non-executive director – deceased April 2020
S Shaw-Taylor	Chairperson – appointed 19 May 2020, independent non-executive director
SP Fifield	Chief executive director
JAI Ferreira	Financial director
BD van Wyk	Non-executive director
DT Hirschowitz	Non-executive director
KM Ellerine	Non-executive director
HC Turner	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.

7. DIRECTORS' INTERESTS IN SHARES

As at 29 February 2020, the directors held the following direct and indirect interests in the company:

29 February 2020	Beneficial holdings		Non-beneficial holdings			
	Direct	Indirect	Direct	Indirect	TOTAL	%
SP Fifield	55 000	180 000	–	–	235 000	0,2
S Shaw-Taylor	800 000	–	–	–	800 000	0,8
BD van Wyk *	50 000	28 135 015	–	–	28 185 015	28,2
DT Hirschowitz	–	28 905 110	–	–	28 905 110	28,9
KM Ellerine	–	19 620 073	–	–	19 620 073	19,6
M Wainer	4 175 182	11 883 212	–	–	16 058 394	16,1
HC Turner	390 000	–	–	–	390 000	0,4
	5 470 182	88 723 410	–	–	94 193 592	94,2

** Barry van Wyk is the only director with shares pledged as security. 71% of the shares (20 000 000 Newpark shares) are pledged as security over a loan with an outstanding balance of R8 385 358 as at 29 February 2020.*

28 February 2019	Beneficial holdings		Non-beneficial holdings			
	Direct	Indirect	Direct	Indirect	TOTAL	%
SP Fifield	55 000	180 000	–	–	235 000	0,2
GD Harlow		350 000	–	–	350 000	0,3
S Shaw-Taylor	800 000	–	–	–	800 000	0,8
BD van Wyk	50 000	27 836 189	–	–	27 866 189	27,9
DT Hirschowitz	–	34 010 013	–	–	34 010 013	34,1
KM Ellerine	–	30 223 564	–	–	30 223 564	30,2
HC Turner	390 000	–	–	–	390 000	0,4
	1 295 000	92 599 766	–	–	93 894 766	93,9

There has been no change to the directors' interest in shares between the reporting date and the date of approval of the annual financial statements.

8. DIRECTORS' INTERESTS IN CONTRACTS

None of the directors of the company has, or had, any material beneficial interest, direct or indirect, in transactions that were effected by the group during the period.

9. 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 significant loss of income 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.

10. 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. The lockdown will have the largest impact on the group's mixed use property tenants. The JSE is classified as an essential service and was not impacted negatively by the lockdown regulations in the context of the group's earnings.

Stress-testing of the group for the impact the lockdown may have on the 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 a worse-case scenario assumption, 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.

11. AUDITORS

BDO South Africa Incorporated has been re-appointed as auditors, in accordance with section 90 of the Companies Act.

12. LEVEL OF ASSURANCE

These financial statements have been audited by our external auditors BDO South Africa Incorporated. in compliance with the applicable requirements of the Companies Act.

13. COMPANY SECRETARY

CIS Company Secretaries Proprietary Limited, represented by Gillian Mary Prestwich BA FCIS, was the company secretary during the reporting period.

As required by the JSE Listings Requirements, the board has satisfied itself that the company secretary, together with Ms Prestwich, have appropriate qualifications, expertise and experience. In addition, the board has satisfied itself that there is an arm's length relationship with the company secretary, due to the fact that the company secretary is not a director of the company.

Ms Prestwich, who passed away subsequent to the group's financial year-end, was the group's principal consultant. She held a BA degree (University of the Witwatersrand), was a fellow of the Institute of Chartered Secretaries and Administrators ("FCIS") and had a Diploma in International Trust Management ("TEP"). She had extensive experience in the company secretarial and corporate governance arenas both locally and internationally.

Ms Prestwich was replaced by Mr Craig Laidlaw. Mr Laidlaw is an attorney and an associate member of Chartered Secretaries South Africa. He also acts as principal consultant to a number of other JSE-listed companies.

14. PREPARER

The financial statements were compiled by Dries Ferreira CA(SA).

15. LIQUIDITY AND SOLVENCY

The directors have performed the liquidity and solvency tests required by the Companies Act and confirm that these tests have been satisfied.

16. COMPARATIVES

The 2019 reporting period for the group is comparable to the 2020 reporting period.

17. ANALYSIS OF SHAREHOLDERS

Shareholders' spread analysis as at 29 February 2020	Number of shares	%
1 – 1 000 shares	3 637	0,00
1 001 – 10 000 shares	53 272	0,05
10 001 – 100 000 shares	753 779	0,76
100 001 – 1 000 000 shares	5 200 897	5,20
1 000 001 shares and over	93 988 416	93,99
	100 000 001	**100,00**

Shareholders with an interest of 5% or more in shares	Number of shares	%
Ellwain Investments Proprietary Limited	32 116 788	32,12
Renlia Developments Proprietary Limited	24 897 139	24,90
Ellvest Proprietary Limited	19 270 074	19,27
Ellerine Group Investments Proprietary Limited	13 196 715	13,20
	89 480 716	89,49

Public and non-public shareholders	Number of shareholders	% of total	Number of shares	% of total
Public shareholders	63	81,8	5 806 409	5,8
Non-public shareholders:				
Directors and their associates	14	18,2	94 193 592	94,2
Total	**77**	**100,0**	**100 000 001**	**100,0**

18. MEASUREMENTS FOR FINANCIAL RESULTS

Given that Newpark is a REIT, the directors are of the view that distributable earnings per share is a more relevant measurement for financial results than earnings per share and headline earnings per share. Accordingly, in terms of paragraph 3.4(b)(vi) of the JSE Listings Requirements, Newpark has adopted distributable earnings per share as its financial results measurement for trading statement purposes.

GROUP OVERVIEW
STRATEGIC OVERVIEW
LEADERSHIP AND GOVERNANCE
ANNUAL FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NEWPARK REIT LIMITED

BDO

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Newpark REIT Limited (the group and company) set out on pages 48 to 105, which comprise the consolidated and separate statements of financial position as at 29 February 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Newpark REIT Limited as at 29 February 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018),* parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters in respect of the separate financial statements. The following key audit matter relates to the consolidated financial statements.

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

National Executive: PR Badrick • HN Bhaga-Muljee • DF Botha • E Singh • BJ de Wet • HCS Lopes (Johannesburg Office Managing Partner)
SM Somaroo • ME Stewart (Chief Executive) • IM Scott • MS Willimott

The company's principal place of business is at 52 Corlett Drive, Illovo, Johannesburg, where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Key audit matter	Audit Response
Valuation of investment property – refer note 8 (consolidated financial statements) The Group's investment properties represent the majority of its assets and are accounted for using the fair value model. The valuation of these properties are based on a combined discounted cash flow method and income capitalisation rate method and not on quoted prices in active markets. The valuation requires significant judgments and estimates to be made by valuers and management and this is therefore considered a key audit matter. Management obtains external independent valuations for all properties on an annual basis. Refer to note 8 to the financial statements for further information on the valuations.	Our audit procedures included among others: • We confirmed the independence of management's expert (the valuer) including assessing their experience with similar properties, qualifications and competence. • We have assessed the design and implementation of the key controls management has put in place with regard to the valuations. • We critically interrogated the valuation reports for the properties valued by the independent valuation expert in the current year to confirm if the valuation approach was in accordance with International Financial Reporting Standards and suitable for use in determining the fair value of the investment properties for the purpose of the consolidated financial statements. In addition, we have satisfied ourselves that the techniques used by the valuer have been applied consistently. • We held discussions with the valuation expert to gain a better understanding of the methods and assumptions used in order to determine the reasonableness thereof. • We tested the mathematical accuracy of the valuations. • The forecast revenue applied in the first year of both the discounted cash flow (DCF) model and income capitalisation model was assessed for reasonability. The inputs, used to generate the revenue forecast, were agreed to underlying contracts and compared to the current year revenue for reasonability. • The projected property expenses applied in the first year of both the DCF model and income capitalisation model was assessed for reasonability. This was performed by comparison to actual expenses in the current financial period. • We assessed the reasonability of revenue and expense growth rates in the DCF model subsequent to the initial forecast year to underlying lease information and available industry data for similar investment properties. • We assessed the reasonability of the discount and capitalisation rates applied by comparing to available industry data in the Rode and SAPOA reports for similar investment properties. • We evaluated whether disclosures in the financial statements related to the valuation of properties is in accordance with International Financial Reporting Standards. • We considered management's assessment of COVID-19 being a non-adjusting event after the reporting period, by considering the timing of the announcement of COVID-19 as a global pandemic by the World Health Organisation, as well as the timing of the first reported case in South Africa.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Newpark REIT Limited Integrated Report for the year ended 29 February 2020", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and /or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Newpark REIT Limited for two years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Stephen Shaw
Director
Registered Auditor

20 May 2020

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENT OF FINANCIAL POSITION

as at 29 February 2020

		Group		Company	
	Notes	2020 R'000	2019 R'000	2020 R'000	2019 R'000
ASSETS					
Non-current assets					
Investment properties	8	**1 253 112**	1 278 334	**–**	–
Investment in subsidiary	9	**–**	–	**921 149**	921 149
Straight-line lease asset	10	**115 332**	111 463	**–**	–
Lease incentive	12	**11 909**	14 556	**–**	–
		1 380 353	1 404 353	**921 149**	921 149
Current assets					
Trade and other receivables	13	**4 128**	3 960	**45**	–
Amounts due from group companies	18	**–**	–	**111 878**	111 928
Lease incentive	12	**2 647**	2 647	**–**	–
Cash and cash equivalents	14	**7 196**	9 141	**3**	5
		13 971	15 748	**111 926**	111 933
Total assets		**1 394 324**	1 420 101	**1 033 075**	1 033 082
EQUITY AND LIABILITIES					
Equity					
Share capital	15	**619 918**	619 918	**619 918**	619 918
Reserves	16	**180 412**	180 412	**180 412**	180 412
Retained income		**94 012**	124 526	**13 040**	15 646
		894 342	924 856	**813 370**	815 976
Liabilities					
Non-current liabilities					
Bank borrowings	17	**452 000**	458 500	**–**	–
Derivative financial instruments	11	**16 011**	8 063	**–**	–
		468 011	466 563	**–**	–
Current liabilities					
Amounts due to group companies	18	**–**	–	**218 647**	216 507
Trade and other payables	19	**31 971**	28 682	**1 058**	599
		31 971	28 682	**219 705**	217 106
Total liabilities		**499 982**	495 245	**219 705**	217 106
Total equity and liabilities		**1 394 324**	1 420 101	**1 033 075**	1 033 082

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 29 February 2020

	Notes	Group 12 months ended 29 February 2020 R'000	Group 12 months ended 28 February 2019 R'000	Company 12 months ended 29 February 2020 R'000	Company 12 months ended 28 February 2019 R'000
Revenue	20	**127 129**	127 901	**51 043**	54 800
Other income	21	**755**	–	**755**	–
Property operating expenses	22	**(32 530)**	(26 612)	**–**	–
Administrative expenses	22	**(6 139)**	(5 800)	**(975)**	(1 013)
Net (loss)/gain from fair value adjustment on investment property	24	**(25 772)**	16 903	**–**	–
Net (loss)/gain from fair value adjustment of financial instruments at fair value through profit or loss	24	**(7 948)**	2 987	**–**	–
Operating profit		**55 495**	115 379	**50 823**	53 787
Finance income	23	**1 499**	1 235	**8 703**	9 160
Finance costs	25	**(44 838)**	(44 592)	**(19 462)**	(19 721)
Profit before taxation		**12 156**	72 022	**40 064**	43 226
Taxation	26	**–**	–	**–**	–
Profit for the period		**12 156**	72 022	**40 064**	43 226
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income for the period		**12 156**	72 022	**40 064**	43 226
Earnings per share information (expressed in cents per share)					
Basic earnings per share (cents)	27	**12,16**	72,02		
Diluted earnings per share (cents)	27	**12,16**	72,02		

STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2020

	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	Restated Total equity R'000
Group						
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
Dividends	–	–	–	–	(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**
Dividends	**–**	**–**	**–**	**–**	**(42 670)**	**(42 670)**
Balance at 29 February 2020	**625 000**	**(5 082)**	**619 918**	**180 412**	**94 012**	**894 342**
Notes	15	15	15	16		

	Share capital R'000	Share issue costs R'000	Total share capital R'000	Capital reorganisation reserve R'000	Restated Retained (loss)/income R'000	Restated Total equity R'000
Company						
Balance at 1 March 2018	625 000	(5 082)	619 918	180 412	23 514	823 844
Profit for the period	–	–	–	–	43 226	43 226
Dividends	–	–	–	–	(51 094)	(51 094)
Balance at 1 March 2019	**625 000**	**(5 082)**	**619 918**	**180 412**	**15 646**	**815 976**
Profit for the period	**–**	**–**	**–**	**–**	**40 064**	**40 064**
Dividends	**–**	**–**	**–**	**–**	**(42 670)**	**(42 670)**
Balance at 29 February 2020	**625 000**	**(5 082)**	**619 918**	**180 412**	**13 040**	**813 370**
Notes	15	15	15	16		

STATEMENT OF CASH FLOWS

for the year ended 29 February 2020

	Notes	Group 12 months ended 29 February 2020 R'000	Group 12 months ended 28 February 2019 R'000	Company 12 months ended 29 February 2020 R'000	Company 12 months ended 28 February 2019 R'000
Cash flows from operating activities					
Cash generated from operations	28	**90 915**	94 535	**51 237**	54 026
Finance income		**1 499**	1 235	**8 703**	9 160
Finance costs		**(44 280)**	(44 592)	**(17 979)**	(19 721)
Tax received	29	**–**	2 273	**–**	–
Net cash generated from operating activities		**48 134**	53 451	**41 961**	43 465
Cash flows from investing activities					
Purchase of furniture and fittings	8	**(909)**	(36)	**–**	–
Loans to subsidiaries	18	**–**	–	**50**	2 469
Net cash (utilised by)/generated from investing activities		**(909)**	(36)	**50**	2 469
Cash flows from financing activities					
Loans from subsidiaries	29	**–**	–	**657**	5 162
Dividends paid		**(42 670)**	(51 094)	**(42 670)**	(51 094)
Bank borrowings advanced	29	**–**	5100	**–**	–
Bank borrowings repaid	29	**(6 500)**	–	**–**	–
Net cash utilised by financing activities		**(49 170)**	(45 994)	**(42 013)**	(45 932)
Total cash and cash equivalents movement for the reporting period		**(1 945)**	7 421	**(2)**	2
Cash and cash equivalents at the beginning of the reporting period		**9 141**	1 720	**5**	3
Total cash and cash equivalents at the end of the reporting period	14	**7 196**	9 141	**3**	5

1. ACCOUNTING POLICIES

Newpark REIT Limited ("the company") and its subsidiaries, Newpark Towers Proprietary Limited and I.M.P. Properties Proprietary Limited (together "the group") hold a major portfolio of investment properties in South Africa. The company is listed on the JSE.

1.1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and details of the group's accounting policies are disclosed as part of each note to the financial statements. These policies have been consistently applied to all years presented, except for the additional disclosure due to *IFRS 16 – Leases* implementation.

1.2 Basis of preparation

Statement of compliance

The consolidated financial statements of Newpark REIT Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations ("IFRS IC"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act of South Africa.

Functional currency

The functional currency of Newpark REIT Limited is ZAR.

Income and cash flow statements

The group presents its statement of profit or loss and other comprehensive income by nature of expense. The group reports cash flows from operating activities using the indirect method. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the group's business activities.

1.3 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the group and all investees which are controlled by the group.

The group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Capital reorganisation reserve

Newpark REIT Limited has elected to use the predecessor accounting method, which is based on equivalent US GAAP and UK GAAP guidance for common control transactions. Predecessor accounting does not require the acquirer to restate assets and liabilities to their fair values. The acquirer, i.e. Newpark REIT Limited, incorporated the predecessor carrying values. No goodwill arises in applying the predecessor accounting method.

In accordance with the predecessor method, any difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) is recognised in a separate reserve within equity called the capital re-organisation reserve. The group's reserve was recognised during the 2016 period during the acquisition of the subsidiaries.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated financial statements. Significant judgements include:

Impairment of trade receivables and amounts due by group company

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Taxation

The context within which this note on Taxation must be read is that Newpark REIT Limited and therefore the group, is recognised as a REIT and tax and deferred tax assets and liabilities are accounted for accordingly.

Judgement is required in determining the provision for income taxes due to the complexity of legislation.

The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Investment properties

The valuation of investment properties was determined principally using discounted cash flow projections, based on estimates of future cash flows, supported by the terms of any existing lease contract and by external evidence such as current market rentals for similar properties in the same location and condition, and using discount rates that reflects current market assessments, of the uncertainty in the amount and timing of the cash flows.

The future rental rates were estimated depending on the actual location, type and quality of the properties and taking into account market data and projections at the valuation date, as well as the expiry of existing lease agreements.

Derivative financial instruments

The valuation of derivative financial instruments was determined using the discount cash flow projections, based on estimates of future cash flows, supported by the terms of the relevant swap agreements and external evidence such as the ZAR 0– coupon perfect-fit swap curve ("the swap curve"). Future floating cash flows are determined using forward rates derived from the swap curve as at 29 February 2020. The net cash flows were discounted using the swap curve as at 29 February 2020.

1.5 Financial instruments

Classification

Financial instruments held by the group are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and liabilities and the contractual terms of the cash flows.

The group's financial instruments consist mainly of loans receivable and payable, trade and other receivables, trade and other payables, cash, borrowings and derivative financial instruments.

Financial instruments are initially measured at fair value plus, in the case of financial instruments not measured at fair value through profit and loss, transaction costs.

Subsequent to initial recognition these instruments are measured as set out below:

Cash and cash equivalents	Carried at amortised cost
Trade and other receivables	Stated at amortised cost using the effective interest method less accumulated impairment losses
Trade and other payables	Stated at amortised cost using the effective interest method
Related party loans payable/receivable	Stated at amortised cost using the effective interest method
Financial liabilities	Non-derivative financial liabilities not at fair value through profit or loss are recognised at amortised cost using the effective interest method
Derivative financial instruments	Derivative financial instruments are recognised initially and subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. Directly attributable transaction costs are recognised in profit or loss when incurred

For all financial instruments carried at amortised cost, where the financial effect of the time value of money is not considered to be material, discounting is not applied as the fair values of these instruments approximate their carrying values.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk, which would change the methodology from 12 months to lifetime impairment losses. A significant increase in credit risk is recategorised from "fully performing" (payments made within 30 days) into "partially performing" (non-payments between 30 and 90 days) and/or into "non-performing" (non-payments for longer than 90 days).

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 13 for further details.

Defaulting trade receivables are "non-performing" for more than 90 days.

The group's write-off policy determines that a trade receivable be derecognised only if all avenues of recovery have been exhausted.

For intra-group balances outstanding, the credit risk is measured against each individual company's ability to service its debt as it falls due. Liquidity and solvency of each subsidiary are measured in context of its ability to pay its debt as it falls due.

1.6 Impairment of non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.7 Leases

Since 1 March 2019, the group adopted IFRS 16 where a lessor classifies each lease as either an operating lease or a finance lease based on the extent to which the lease transfers the risks and rewards incidental to ownership of an underlying asset.

A 'finance lease' is a lease that transfers substantially all of the risks and rewards incidental to ownership of an underlying asset; title to the asset may or may not transfer under such a lease. An 'operating lease' is a lease other than a finance lease. All of the the group's lease agreements are classified as operating leases.

Before lease commencement, the group recognises an asset in its statement of financial position and leases that asset to a lessee under an operating lease, then the group does not derecognise the asset on lease commencement. Generally, future contractual rental payments from the lessee are recognised as receivables over the lease term as the payments become receivable. The asset subject to the operating lease is presented in the group's statement of financial position according to the nature of the underlying asset – e.g. Investment property.

Initial direct costs incurred by the group in arranging an operating lease are added to the carrying amount of the underlying asset and cannot be recognised immediately as an expense. These initial direct costs are recognised as an expense on the same basis as the lease income. This will not necessarily be consistent with the basis on which the underlying asset is depreciated.

2. SEGMENT INFORMATION

ACCOUNTING POLICIES

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group executive committee ("EXCO") that makes strategic decisions.

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

a. Mixed use (office and retail)

b. Mixed use (storage)

c. Office

d. Industrial

The segment information provided to EXCO for the operating segments for the period ended 29 February 2020 has been provided below.

	Mixed use (retail and office) R'000	Mixed use (storage) R'000	Office R'000	Industrial R'000	General R'000	Total R'000
2020						
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)**
Finance income	**1 312**	**–**	**–**	**–**	**187**	**1 499**
Finance expense	**(558)**	**–**	**–**	**–**	**(44 280)**	**(44 838)**
Profit before taxation	**18 438**	**(344)**	**33 386**	**18 101**	**(57 425)**	**12 156**
2019						
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
Finance income	997	–	–	–	238	1 235
Finance expense	(280)	–	–	–	(44 312)	(44 592)
Profit before taxation	(26 773)	–	103 176	42 506	(46 887)	72 022

The amounts provided to 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.

2. SEGMENT INFORMATION (continued)

	Mixed use R'000	Office R'000	Industrial R'000	General R'000	Total R'000
2020					
Investment property	**427 296**	**597 725**	**228 091**	**–**	**1 253 112**
Straight-line 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**
Total assets per the consolidated financial statements	**434 128**	**698 000**	**255 000**	**7 196**	**1 394 324**
2019					
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
Total assets per the consolidated financial statements	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.

	Mixed use R'000	Office R'000	Industrial R'000	General R'000	Total R'000
2020					
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**
Total liabilities per the consolidated financial statements	**5 257**	**15 023**	**560**	**479 142**	**499 982**
2019					
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
Total liabilities per the consolidated financial statements	2 416	14 727	485	477 616	495 245

3. NEW STANDARDS AND INTERPRETATIONS

3.1 Standards and interpretations effective and adopted in the current period

In the current period, the group has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

IFRS 16 – Leases

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. See Note 4 for the effect on the group statements.

Uncertainty over Income Tax Treatments

IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.

The effective date of the interpretation is for years beginning on or after 1 January 2019.

The group has adopted the interpretation for the first time in the 2020 annual financial statements.

The interpretation did not have a material impact on the group's annual financial statements.

Amendments to IAS 12 – Income Taxes: Annual Improvements to IFRS 2015 – 2017 cycle

The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

The effective date of the amendment is for years beginning on or after 1 January 2019.

The group has adopted the amendment for the first time in the 2020 annual financial statements.

The amendment did not have a material impact on the group's annual financial statements.

Prepayment Features with Negative Compensation – Amendment to IFRS 9

The narrow-scope amendment covers two issues:

- The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met – instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities.
- How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.

The effective date of the amendment is for years beginning on or after 1 January 2019.

The group has adopted the amendment for the first time in the 2020 annual financial statements.

The amendment did not have a material impact on the group's annual financial statements.

4. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of 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 note 20 revenue and note 34, lease arrangements.

In the reporting period, the group has applied *IFRS 16 – Leases* and the related consequential amendments to other IFRSs. IFRS 16 replaces *IAS 17 – Leases* and *IFRIC 4 – Determining whether an Arrangement contains a Lease*. It introduces new requirements for:

1. definition of a lease;
2. recognition and measurement of operating leases on the balance sheet; and
3. additional disclosures to be made by lessors and lessees with regards to finance and operating leases.

IFRS 16 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new standard are therefore not reflected in the restated balance sheet as at 28 February 2019, but are recognised in the opening balance sheet on 1 March 2019, if applicable. There have been no adjustments made to the opening balances.

4. CHANGES IN ACCOUNTING POLICY (continued)

Definition of a lease

IFRS 16 states the definition of a lease as a contract, or part of a contract, that conveys the right to use an identifiable asset for a period of time in exchange for consideration. The definition indicates:

1. an identifiable asset should be defined in the contract;
2. the lessee should obtain substantially all the economic benefits from the asset; and
3. the lessee should be able to direct the use of the asset

The lease contracts and assets previously identified under IAS 17 remains unchanged under IFRS 16.

The classification of operating and finance leases for the group as a lessor did not change in the sense that a finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of an underlying asset; title to the asset may or may not transfer under such a lease. An operating lease is a lease other than a finance lease.

The group's lease agreements remain unchanged as operating leases.

Recognition and measurements of operating leases

In relation to the recognition and measurements of operating leases, Under IAS 17, a lessee was not obligated to report assets and liabilities from operating leases on their balance sheet and they were instead referred to in the footnotes. This has typically provided financial statement users an inaccurate account of a company's outstanding expenses, forcing them to estimate the off balance sheet obligations, which often results in overestimations.

IFRS 16 changes this by requiring a lessee to recognise arising right of use (ROU) assets and lease liabilities on their balance sheet.

There are no changes to the recognition and measurement of lease assets for lessors under IFRS 16. The table below summarises the lease assets as at 01 March 2019. There have been no movement of lease assets from their IAS 17 recognition and measurement into their new IFRS 16 recognition and measurement and therefore no effect on the statement of financial position of the group.

Additional disclosures with regards to operating leases

In relation to the additional disclosures stipulated by IFRS 16 with regards to operating leases the lessor should disclose the following quantitative information:

- Lease income, separately disclosing variable lease payments;
- Disclosure requirements of IAS 16 for leased assets, separating leased assets from non-leased assets;
- Other applicable disclosure requirements based on the nature of the underlying asset (eg. IAS 36, 38, 40, 41); and
- Maturity analysis of lease payments.

The lessor should also disclose qualitative information with regards to the nature of the lessor's leasing activities and how the lessee manages risks associated with those activities, including risk management on rights retained in underlying assets and risk management strategies including:

- Buy-back agreements;
- Residual value guarantees;
- Variable lease payments for excess use; and
- Any other risk management strategies.

These additional requirements were disclosed in revenue note 20 and lease arrangements note 33.

4. CHANGES IN ACCOUNTING POLICY (continued)

Financial impact of initial application of IFRS 16

The initial application of IFRS 16 did not have any impact on assets, liabilities or equity or cash flows for the current and prior year.

The implementation of IFRS 16 had no impact on the group's profit or loss or other comprehensive income.

5. RISK MANAGEMENT

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of equity, disclosed in notes 15 and 16, debt, which includes the borrowings disclosed in note 17, as well as cash and cash equivalents disclosed in note 14 as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The gearing ratio at 2020 and 2019, respectively, was as follows:

		Group		Company	
	Notes	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Total borrowings					
Amount due to group company	18	**–**	–	**218 647**	216 507
Bank borrowings	17	**452 000**	458 500	**–**	–
Less: Cash and cash equivalents	14	**(7 196)**	(9 141)	**(3)**	(5)
Net debt		**444 804**	449 359	**218 644**	216 502
Total equity		**894 342**	924 856	**813 370**	815 976
Total capital		**1 339 146**	1 374 215	**1 032 014**	1 032 478
Gearing ratio		**33%**	33%	**21%**	21%

5. RISK MANAGEMENT (continued)

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, interest rate risk and cash flow risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by senior management under policies approved by the directors.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Management monitors rolling forecasts of the company's liquidity reserve on the basis of expected cash flow.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

	Less than one year R'000	Between two and five years R'000
Group		
At 29 February 2020		
Bank borrowings	**–**	**452 000**
Interest on borrowings	**38 383**	**112 179**
Trade and other payables	**30 397**	**–**
Derivatives	**16 011**	**–**
At 28 February 2019		
Bank borrowings	–	458 500
Interest on borrowings	41 723	164 448
Trade and other payables	27 366	–
Derivatives	8 063	–

5. RISK MANAGEMENT (continued)

	Less than one year R'000	Between two and five years R'000
Company		
At 28 February 2020		
Trade and other payables	**1 058**	**–**
Amounts due to group company	**218 647**	**–**
Interest on amounts due to group companies	**17 492**	**–**
At 28 February 2019		
Trade and other payables	599	–
Amounts due to group company	216 507	–
Interest on amounts due to group companies	17 320	–

Interest rate risk

The company's interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2020, the company's borrowings at variable rates were denominated in South African Rand.

The company manages its cash flow interest rate risk by using interest rate swaps and interest rate collar. Such interest rate swaps and collar have the economic effect of converting borrowings from floating rates to fixed rates and capping and flooring the amount of interest paid. Generally, the company raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the company borrowed at fixed rates directly. Under the interest rate swaps, the company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 29 February 2020, if interest rates on borrowings and cash and cash equivalents balances had been 1% higher/lower with all other variables held constant, post-tax profit for the period would have been R870 000 (2019: R935 000) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings and cash and cash equivalent balances.

The average effective interest rates of financial instruments at the date of the statement of financial position, based on reports reviewed by key management personnel, were as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Cash and cash equivalents up to R50 million through RCF	**9,68**	9,54	**6,70**	6,70
Bank borrowings up to R500 million	**9,68**	9,54	**–**	–

5. RISK MANAGEMENT (continued)

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks, only independently rated parties with a minimum rating of "Ba1" are accepted. If customers are independently rated, these ratings are used otherwise, if there is no independent rating, credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

The following table shows the balances with banking counterparties and their external ratings at the statement of financial position date.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Financial instruments				
FNB/RMB (Rating – Ba1)	**7 196**	9 141	**3**	5

The ratings were obtained from Moody's. The ratings are based on long-term investment horizons. The rating indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

Management does not expect any losses from non-performance by this counterparty. The company only transacts with banks that have a minimum rating of Ba1.

Financial assets exposed to credit risk at the reporting date were as follows:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Cash and cash equivalents	**7 196**	9 141	**3**	5
Trade and other receivables	**4 128**	3 960	**–**	–

The trade and other receivables carrying amount is equal to its fair value. The credit risk rating of trade and other receivables is based on an internal credit risk management module.

Foreign exchange risk

The group is not exposed to foreign exchange risk.

Price risk

The group is not exposed to equity price risk as there are no investments classified as available-for-sale in the statement of financial position. The group is not exposed to commodity price risk.

5. RISK MANAGEMENT (continued)

Fair value estimation

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors.

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. See note 8 Investment property for details on the application of this level.

Levels of fair value measurements

		Group		Company	
	Notes	2020 R'000	2019 R'000	2020 R'000	2019 R'000
ASSETS					
Investment properties (level 3)	8	**1 253 112**	1 278 334	**–**	–
Total assets at fair value		**1 253 112**	1 278 334	**–**	–
LIABILITIES					
Derivative financial instruments (level 2)	11	**16 011**	8 063	**–**	–
Total liabilities at fair value		**16 011**	8 063	**–**	–

Refer to note 7 for the reconciliation of investment properties from opening to closing balance.

5. RISK MANAGEMENT (continued)

Sensitivity analysis of level 3 fair value estimates

		Group		Company	
	Notes	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
2020					
ASSETS					
Observable input – 25bps change in discount rate:					
Investment properties	8				
– 24 Central property		(11 146)	11 748	–	–
– JSE building		(19 700)	20 849	–	–
– Linbro Park building		(3 499)	3 674	–	–
– Crown Mines property		(2 699)	2 839	–	–
Total for level 3 assets at fair value		(37 045)	39 111	–	–
Observable input – 25bps change in exit capitalisation rate:					
Investment properties	8				
– 24 Central property		(4 386)	4 617	–	–
– JSE building		(8 292)	8 765	–	–
– Linbro Park building		(1 273)	1 336	–	–
– Crown Mines property		(1 027)	1 078	–	–
Total for level 3 assets at fair value		(14 979)	15 796	–	–
Observable input – 25bps change in capitalisation rate:					
Investment properties	8				
– 24 Central property		(11 146)	11 748	–	–
– JSE building		(19 700)	20 849	–	–
– Linbro Park building		(3 499)	3 674	–	–
– Crown Mines property		(2 699)	2 839	–	–
Total for level 3 assets at fair value		(37 045)	39 111	–	–
LIABILITIES					
Bank borrowings (100bps change in interest rate)		(870)	870	–	–
Total for level 3 liabilities at fair value	17	(870)	870	–	–

5. RISK MANAGEMENT (continued)

	Notes	Group Increase R'000	Group Decrease R'000	Company Increase R'000	Company Decrease R'000
2019					
ASSETS					
Observable input – 25bps change in exit discount rate:					
Investment properties	8				
– 24 Central property		(15 077)	10 679	–	–
– JSE building		(18 883)	25 990	–	–
– Linbro Park building		(3 762)	4 424	–	–
– Crown Mines property		(1 155)	4 573	–	–
Total for level 3 assets at fair value		(38 877)	45 666	–	–
Observable input – 25bps change in exit capitalisation rate:					
Investment properties	8				
– 24 Central property		(7 830)	3 001	–	–
– JSE building		(6 604)	12 950	–	–
– Linbro Park building		(1 274)	1 806	–	–
– Crown Mines property		537	2 787	–	–
Total for level 3 assets at fair value		(15 171)	20 544	–	–
Observable input – 25bps change in exit capitalisation rate:					
Investment properties (25bps change in discount rate)	8				
– 24 Central property		(15 077)	10 679	–	–
– JSE building		(18 883)	25 990	–	–
– Linbro Park building		(3 762)	4 424	–	–
– Crown Mines property		(1 155)	4 573	–	–
Total for level 3 assets at fair value		(38 877)	45 666	–	–
LIABILITIES					
Bank borrowings (100bps change in interest rate)		(935)	935	–	–
Total for level 3 liabilities at fair value	17	(935)	935	–	–

6. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Group	Financial assets at amortised cost R'000	Fair value through profit or loss R'000	Total R'000
2020			
Trade and other receivables	**4 128**	**–**	**4 128**
Cash and cash equivalents	**7 196**	**–**	**7 196**
	11 324	**–**	**11 324**
2019			
Trade and other receivables	3 960	–	3 960
Cash and cash equivalents	9 141	–	9 141
	13 101	–	13 101

Company	Fair value through profit or loss R'000	Total R'000
2020		
Cash and cash equivalents	**3**	**3**
Amounts due from group companies	**111 878**	**111 878**
	111 881	**111 881**
2019		
Cash and cash equivalents	5	5
Amounts due from group companies	111 928	111 928
	111 933	111 933

7. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Group	Financial liabilities at amortised cost R'000	Financial liabilities at fair value R'000	Total R'000
2020			
Bank borrowings	**452 000**	**–**	**452 000**
Trade and other payables	**30 398**	**–**	**30 398**
Derivative	**–**	**16 011**	**16 011**
	482 398	**16 011**	**498 409**
2019			
Bank borrowings	458 500	–	453 400
Trade and other payables	27 366	–	27 366
Derivative	–	8 063	8 063
	485 866	8 063	493 929

Company	Financial liabilities at amortised cost R'000	Total R'000
2020		
Amounts due to group company	**218 647**	**218 647**
Trade and other payables	**1 058**	**1 058**
	219 705	**219 705**
2019		
Amounts due to group company	216 507	216 507
Trade and other payables	599	599
	217 106	217 106

8. INVESTMENT PROPERTIES

ACCOUNTING POLICIES

Property comprising of freehold land and buildings that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property is recognised initially at cost, including transaction costs.

Borrowing costs incurred for the purpose of acquiring, developing or producing a qualifying investment property are classified as part of its cost. Borrowing costs are capitalised while acquisition or development is actively under way and cease once the asset is substantially complete or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value adjusted for carrying values of fixtures and fittings, allowance for future rental escalations and amortised upfront lease costs which are recognised as separate assets.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location and condition of the specific asset. If this information is not available, the group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional registered valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash flows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When a part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from the future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in the statement of profit or loss and other comprehensive income. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from disposal.

When the group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of profit or loss and other comprehensive income within net fair value gain on investment property.

8. INVESTMENT PROPERTIES (continued)

ACCOUNTING POLICIES (continued)

Furniture and fixtures

Furniture and fixtures are stated at historical cost less accumulated depreciation and impairment charges. Cost comprises the purchase price as well as any other directly attributable costs.

Depreciation is calculated at cost less expected residual value on the straight-line method, which is reviewed annually. The useful lives of fixtures and fittings range from five to six years.

Repairs and maintenance are charges to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Furniture and fittings are linked to specific properties. Consequently, any gains or losses on disposal are incorporated with the gains or losses on the disposal of the investment property.

In determining the value of the furniture and fixtures component the group considers the historic cost less accumulated depreciation as the depreciable replacement cost of furniture and fixtures.

The fair value portion of the valuation of the building is allocated to furniture and fittings using the depreciable replacement cost method, therefore the two different measurement basis under investment property and furniture and fittings.

The building is fair valued on the income approach based on the discounted cash flow basis, this fair value is allocated to the various components, furniture and fixtures being one of these components.

Group company is the lessor in an operating lease

Properties leased out under operating leases are included in investment property in the consolidated statement of financial position (note 8). See note 20 for the recognition of rental income.

8. INVESTMENT PROPERTIES (continued)

Group	2020 Cost/ valuation R'000	2020 Accumulated depreciation R'000	2020 Carrying value R'000	2019 Cost/ valuation R'000	2019 Accumulated depreciation R'000	2019 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

Group	Opening balance R'000	Additions R'000	Fair value adjustment R'000	Depreciation R'000	Closing balance R'000
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**
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

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.

8. INVESTMENT PROPERTIES (continued)

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	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 (mainly office and retail)				
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	–	–
– 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	–	–
– 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	–	–

8. INVESTMENT PROPERTIES (continued)

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	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 fixtures and fittings	**909**	36	**–**	–
Depreciation	**(359)**	(372)	**–**	–
Acquisition of investment property	**–**	–	**–**	–
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 (note 10)	**(115 332)**	(111 463)	**–**	–
Less: Lease incentive receivable (note 12)	**(14 556)**	(17 203)	**–**	–
Closing fair value of property assets	**1 253 112**	1 278 334	**–**	–

Securities

Mortgage bonds have been registered over investment properties with a fair value of R1 253 112 314 (2019: R1 278 333 718) as security for interest-bearing liabilities at a nominal value amounting to R500 000 000 (2019: R500 000 000). Refer to note 17.

Details of valuation

The properties were valued on 29 February 2020 using the discounted cash flow of future income streams method. The valuation of the properties were performed by an independent 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**

Investment property is required to be fair valued with sufficient regularity that the value is representative of the fair value. All properties were valued by an independent valuer and are carried at the specified value.

8. 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 building, 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).

9. INVESTMENT IN SUBSIDIARY

ACCOUNTING POLICIES

Company consolidated financial statements

In the company's separate financial statements, investment in a subsidiary is carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

9. INVESTMENT IN SUBSIDIARY (continued)

Name of company	Holding 2020 %	Carrying amount 2020 R'000	Carrying amount 2019 R'000
As per statement of financial position	–	**921 149**	921 149
Newpark Towers Proprietary Limited	**100,00**	**805 413**	805 413
I.M.P. Properties Proprietary Limited – shares value:	**100,00**	**115 736**	115 736
– Value of loan acquired as part of investment property company	–	**113 250**	113 250
– Total purchase price of investment property	–	**228 986**	228 986

The company acquired 100% of the shares of Newpark Towers Proprietary Limited, a South African property holding company, on 3 February 2016.

The company acquired 100% of the shares of I.M.P. Properties Proprietary Limited and its two subsidiaries, a South African property holding company, on 21 February 2017.

10. STRAIGHT-LINE LEASE ASSET

The operating lease asset arises as a result of the straight-line effect on lease rentals. It relates to the difference between the contractual and accrued rental income.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Reconciliation of movements				
Carrying value at the beginning of the reporting period	**111 463**	99 984	–	–
Acquisitions	–	–	–	–
Current period movements	**3 869**	11 479	–	–
Net carrying value at the end of the reporting period	**115 332**	111 463	–	–
Non-current asset	**115 332**	111 463	–	–
Current asset	–	–	–	–
	115 332	111 463	–	–

11. DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of interest rate swaps and interest rate caps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise. Derivatives are classified as financial assets at fair value through profit or loss – held for trading.

Fair valuation of financial instruments

The group uses fair value measurements to record fair value adjustments to certain financial instruments and to determine fair value disclosures. Derivatives are financial instruments recorded at fair value on a recurring basis.

Additionally, from time to time, the group may be required to record other financial assets at fair value on a non-recurring basis. These non-recurring fair value adjustments typically involve application of lower-of-cost-or-market accounting or write-downs of individual assets. Information about the extent to which fair value is used to measure assets and liabilities, the valuation methodologies used and its effect on earnings is included in the note "Fair Value Measurements".

Fair value measurements

The company records derivative assets and liabilities at fair value.

The fair value of interest rate swaps and interest rate caps is obtained from recognised derivative dealers.

The fair value is calculated using a model that incorporates the contractual terms of the swaps and caps in addition to other such market observable inputs as yield curve and volatility.

The fair value of the interest rate swap and interest rate cap commitments is calculated using a model that incorporates current market prices, market conditions, option volatilities and the terms of the loans on which the commitments have been extended.

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Interest rate swaps and interest rate caps are classified as level 2.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Internal models with significant observable market parameters (level 2):				
Interest rate swap and interest rate cap liability	**(16 011)**	(8 063)	**–**	–

Interest rate swaps and interest rate cap

The notional principal amount of the interest rate swap contracts at 29 February 2020 was R365 000 000 (2019: R365 000 000).

On 23 May 2019 the company entered into an additional R135 000 000 three-year JIBAR interest rate cap and a JIBAR interest rate in the form of a zero-cost-collar. The JIBAR is therefore capped at a rate of 8,55% and the floor rate is set at 7,00%.

The main floating rate is three-month JIBAR. Gains and losses have been recognised in the statement of profit or loss and other comprehensive income. The current three swap contracts have fixed JIBAR rates of 8,085%, 7,700% and 7,993%.

12. LEASE INCENTIVE

ACCOUNTING POLICIES

Group company is the lessor – lease incentives

In negotiating an operating lease with a current tenant, the group agreed to pay a portion of a pre-existing lease commitment of the tenant in order to incentivise the tenant to take up a long-term lease in relation to the group's single tenant building.

The lease incentive is recognised as a reduction of rental income on a straight-line basis over the period.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Reconciliation of movements				
Carrying value at beginning of the reporting period	**17 203**	19 850	**–**	–
Current period movement	**(2 647)**	(2 647)	**–**	–
Carrying value at end of the reporting period	**14 556**	17 203	**–**	–
Non-current asset	**11 909**	14 556	**–**	–
Current asset	**2 647**	2 647	**–**	–
	14 556	17 203	**–**	–

13. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within administrative expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in profit or loss.

Trade and other receivables are classified as financial assets at amortised cost.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Financial instruments				
Trade receivables	**8 012**	7 847	**–**	–
Allowance for credit losses	**(6 219)**	(4 979)	**–**	–
Other receivables	**158**	200	**–**	–
Accrued income	**2 177**	619	**–**	–
Prepayments	**–**	273		
Non-financial instruments				
Value-added tax	**–**	–	**45**	–
	4 128	3 960	**45**	–
Fair value of trade and other receivables				
Trade and other receivables	**4 128**	3 960	**45**	–

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with *IFRS 9 – Financial Instruments*:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
At amortised cost	**4 128**	3 960	**–**	–
Non-financial instruments	**–**	–	**45**	–
	4 128	3 960	**45**	

13. TRADE AND OTHER RECEIVABLES (continued)

Exposure to credit risk

In order to mitigate the risk of financial loss from defaults, the group has policies in place to ensure that sales of services are made to customers with an appropriate credit history and risk is mitigated by insurance of accounts receivable balances. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with *IFRS 9 – Financial Instruments*, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and GBP growth projection for the country as well as general expectations of the property industry ooulook as at the reporting date.

The loss allowance provision is determined as follows:

	2020		2019	
Group	**Estimated gross carrying amount at default R'000**	**Loss allowance R'000**	**Estimated gross carrying amount at default R'000**	**Loss allowance R'000**
Current	**1 795**	**(59)**	1 033	(364)
Between 30 and 60 days past due	**1 214**	**(1 157)**	1 464	(750)
Between 60 and 90 days past due	**558**	**(558)**	1 387	(1 068)
More than 90 days past due	**4 445**	**(4 445)**	3 963	(2 797)
	8 012	**(6 219)**	7 847	(4 979)

The application of the forward-looking information together with the deterioration in the general economic conditions of the industry resulted in an increase in the loss allowance.

13. TRADE AND OTHER RECEIVABLES (continued)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Opening balance	**(4 979)**	(3 000)	**–**	–
Increase in loss allowance recognised in profit or loss during the reporting period	**(5 207)**	(3 797)	**–**	–
Receivables written off during the reporting period as uncollectable	**3 967**	1 818	**–**	–
Closing balance	**(6 219)**	(4 979)	**–**	–

As of 29 February 2020, trade and other receivables of R6 218 919 (28 February 2019: R4 978 916) were impaired and provided for.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

Currencies

The carrying amount of trade and other receivables are denominated in the following currency:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Rand	**4 128**	3 960	**–**	–

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

14. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Cash and cash equivalents consist of:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Bank balances	**7 196**	9 141	**3**	5

Facilities

As at 29 February 2020, the company had banking facilities in place of R500 000 000 with RMB of which a total of R452 000 000 has been drawn down (note 17).

Interest on the special deposit account held with RMB is earned at a rate of prime less 1,90%.

Guarantees

The group issued bank guarantees of R1 500 000 through RMB in favour of Eskom.

Credit quality of cash at bank

The credit quality of cash at bank can be assessed by reference to external credit ratings.

Credit rating

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
RMB/FNB (Rating – Ba1)	**7 196**	9 141	**3**	5

The ratings were obtained from Moody's. The ratings are based on long-term investment horizons. The rating indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

Management does not expect any losses from non-performance by this counterparty. The company only transacts with banks that have a minimum rating of Ba1.

Currencies

The carrying amount of cash and cash equivalents are denominated in the following currency:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Rand	**7 196**	9 141	**3**	5

15. SHARE CAPITAL

ACCOUNTING POLICIES

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds. Ordinary shares are classified as equity.

	Group		Company	
	2020 number	2019 number	2020 number	2019 number
Authorised				
Ordinary shares of no par value	**2 000 000 000**	2 000 000 000	**2 000 000 000**	2 000 000 000
Ordinary type A shares	**1 000 000 000**	1 000 000 000	**1 000 000 000**	1 000 000 000
Unissued ordinary shares are under the control of the directors in terms of a resolution of shareholders passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
Issued				
100 000 001 (2019: 100 000 001) ordinary shares of no par value	**625 000**	625 000	**625 000**	625 000
Share issue costs	**(5 081)**	(5 081)	**(5 081)**	(5 081)
	619 918	619 918	**619 918**	619 918

16. CAPITAL RE-ORGANISATION RESERVE

ACCOUNTING POLICIES

IFRS 3 specifically states that a combination of entities or businesses under common control is excluded from the scope of IFRS 3. There is currently no guidance in IFRS on the accounting treatment for combinations among entities under common control. In developing a policy for capital re-organisation transactions, Newpark REIT Limited considered the guidance issued by other standard setting bodies which use a similar conceptual framework to develop accounting standards.

The predecessor accounting method, which is based on equivalent US GAAP and UK GAAP guidance for common control transactions does not require the acquirer to restate assets and liabilities to their fair values. No goodwill arises in applying the predecessor accounting method.

In accordance with the predecessor method, any difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) is recognised in a separate reserve within equity called the capital re-organisation reserve. The value of this reserve will be analysed on an annual basis.

On 3 February 2016, the group acquired 100% of the share capital of Newpark Towers Proprietary Limited. This did not result in a substantive economic change and merely resulted in a change in the structure of the group.

Newpark Towers Proprietary Limited's assets and liabilities are ultimately controlled by the same parties both before and after the transaction. IFRS 3 specifically states that a combination of entities or businesses under common control is excluded from the scope of IFRS 3. There is currently no guidance in IFRS on the accounting treatment for combinations among entities under common control. In developing a policy for capital re-organisation transactions, Newpark REIT Limited considered the guidance issued by other standard setting bodies which use a similar conceptual framework to develop accounting standards.

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Group	Company
	2016 R'000	2016 R'000
Total purchase consideration	624 938	624 938
Book value of identifiable assets and liabilities acquired under common control	805 350	805 350
Capital re-organisation reserve	180 412	180 412

17. BANK BORROWINGS

ACCOUNTING POLICIES

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Held at amortised cost				
Non-current				
Rand Merchant Bank loan	**452 000**	458 500	**–**	–
Current				
Rand Merchant Bank loan	**–**	–	**–**	–
Total	**452 000**	458 500	**–**	–

Rand Merchant Bank (RMB)

Two separate RMB facilities were restructured into a three-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 entered into for R150 000 maturing in May 2025. This consolidated term loan facility was contractually agreed with RMB on 29 February 2020.

The group has committed and available liquidity facilities amounting to R48 million. Despite a worse-case scenario assumption the group comfortably remains liquid and solvent. The deal facilitation fee amounted to R1 750 000 and the debt raising fee amounted to R284 305.

The existing RMB facility is secured by a first mortgage bond over fixed property with a carrying value of R1 259 518 529 and currently attracts a floating rate of three-month JIBAR plus 1,95% on the first R450 million and a floating rate of prime less 1,28% on the remaining R50 million loan, respectively. The blended floating rate amounts to 8,920% before the hedging instruments are applied to the borrowings profile.

17. BANK BORROWINGS (continued)

Newpark secured two interest rate swaps at 18 January 2016 (for R135 million) and 10 April 2017 (for R230 million), respectively. In addition, the interest rate swaps secured with RMB has the effect that 81% of the floating portion of the current rate on the RMB facility is swapped for a fixed base rate of 8,085% (R135 million) and 7,700% (R230 million) respectively, before the RMB margin of 1,95%. The two interest rate swaps expire on 10 April 2020 and 31 May 2022, respectively. During the reporting period the group also secured a zero cost collar of R135 million with a cap rate of 8,550% and a floor rate of 7,000%. The R230 million interest rate swap expiring during 2021, will be replaced by a new swap (see hedge 5 below) at a rate of 7,993%. Interest on all the derivative instruments mentioned above is payable quarterly.

The all-in weighted average cost of funding is 9,675% (28 February 2019: 9,542%) 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 balance of the exposure covered with a zero-cost-collar.

Facilities	Amount R'000	Rate %
Expiry May 2023 (facility 1A) – floating rate	450 000	Three-month JIBAR+1,95
Expiry May 2023 (facility 1B) – floating rate	50 000	Prime -1,28
Total floating rate position	**500 000**	**[9,675]**

Hedge instruments over above facilities	Amount R'000	Hedges of three-month JIBAR base-rate %
Hedge 3: rate swap – expires 2020/4/10 (rolls into Hedge 5)	230 000	7,700
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
All-in cost of debt		**9,675**

17. BANK BORROWINGS (continued)

Net debt reconciliation

	Cash and cash equivalents R'000	Borrowings due within 1 year R'000	Borrowings due after 1 year R'000	Total net debt R'000
Group				
Net cash/(debt) at 1 March 2018	1 720	–	(453 400)	(451 680)
Cash flows	7 421	–	–	7 421
Borrowings restructured	–	–	(5 100)	(5 100)
Net cash/(debt) at 1 March 2019	**9 141**	**–**	**(458 500)**	**(449 359)**
Cash flows	**(1 945)**	**–**	**–**	**(1 945)**
Borrowings repaid	**–**	**–**	**6 500**	**6 500**
Net cash/(debt) at 29 February 2020	**7 196**	**–**	**(452 000)**	**(444 804)**
Company				
Net cash/(debt) at 1 March 2018	3	(211 345)	–	(211 342)
Cash flows	2	–	–	2
Borrowings advanced	–	(5 162)	–	(5 162)
Net cash/(debt) at 1 March 2019	**5**	**(216 507)**	**–**	**(216 502)**
Cash flows	**(2)**	**–**	**–**	**(2)**
Borrowings advanced	**–**	**(2 140)**	**–**	**(2 556)**
Net cash/(debt) at 29 February 2020	**3**	**(218 647)**	**–**	**(219 060)**

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Fair value of bank borrowings				
Bank borrowings	**452 000**	458 500	**–**	–
Currencies				
The carrying amounts of bank borrowings at amortised cost are denominated in the following currency:				
Rand	**452 000**	458 500	**–**	–

18. AMOUNT DUE (TO)/FROM SUBSIDIARIES

ACCOUNTING POLICIES

These include amounts due by/(to) the holding company and the subsidiary company and are recognised initially at fair value plus direct transaction costs.

Amounts due by group companies are classified as financial assets at amortised cost.

Amounts due to group companies are classified as financial liabilities measured at amortised cost.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Subsidiary				
I.M.P. Properties Proprietary Limited	–	–	111 878	111 928
Newpark Towers Proprietary Limited	–	–	(218 647)	(216 507)
The above amounts are unsecured, carry interest linked to prime and are repayable on demand.				
Currencies				
The carrying amounts of amounts due (to)/from group companies are denominated in the following currencies:				
Rand	–	–	111 878	111 928
Rand	–	–	(218 647)	(216 507)

18. AMOUNT DUE (TO)/FROM SUBSIDIARIES (continued)

Split between non-current and current portions

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Current assets	–	–	**111 878**	111 928
Current liabilities	–	–	**(218 647)**	(216 507)

Exposure to credit risk

Loans receivable and payable are subject to the impairment provisions of *IFRS 9 – Financial Instruments,* which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

The maximum exposure to credit risk at the reporting date is the fair value of loans receivable mentioned above. The identified impairment loss was immaterial.

The credit risk on the intergroup loans are assessed regularly. The existing loans to other group companies are backed by investment property with fair values in excess of the loans outstanding. An independent, external evaluation of the investment properties are performed annually which specifically takes into account future cash flows directly associated with each property and the tenants occupancy of the property The credit risk has been assessed as low (stage one) and no provision for impairment was deemed necessary.

Exposure to currency risk

The carrying amounts of loans receivable are denominated in South African Rands.

19. TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Financial instruments				
Accrued audit fees	582	490	582	–
Accrued interest	10 445	10 401	–	–
Deposits received	1 813	1 817	–	–
JSE tenant expenditure	8 050	8 050	–	–
Other payables	9 508	6 608	476	599
Non-financial instruments				
Value-added tax	1 573	1 316	–	–
	31 971	28 682	1 058	599
Currencies				
The carrying amounts of trade and other payables are denominated in the following currency:				
Rand	31 971	28 682	1 058	599

20. REVENUE

ACCOUNTING POLICIES

Revenue comprises gross rental revenue including all recoveries from tenants, excluding VAT. Rental revenue from investment property is recognised in the statements of profit or loss and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the lease period. Turnover rentals are recognised on the accrual basis.

The subsidiaries act as a principal on its own account when recovering operating costs from tenants and the recovery of these costs comprise revenue.

Revenue also comprises dividend income received from subsidiary companies.

20. REVENUE (continued)

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Rental income (including operating costs)	**109 880**	106 647	**51 043**	54 800
Recoveries	**10 660**	13 043	**–**	–
Advertising	**5 367**	4 812	**–**	–
Straight-line adjustment of lease income	**3 869**	6 046	**–**	–
Straight-line lease incentive	**(2 647)**	(2 647)	**–**	–
	127 129	127 901	**51 043**	54 800

Revenue was categorised and accounted for as follows:

Type of revenue	Separate goods or services	IFRS 16	IFRS 15	Fixed/ veriable	Point in time/over time
2020					
Rental income	√	√		Fixed	n/a
Operating costs	x	√		Fixed	n/a
Recoveries: rates, water, electricity, sewerage	√		√	Variable	Over time
Advertising	√		√	Fixed	Over time
2019					
Rental income	√	√		Fixed	n/a
Operating costs	x	√		Fixed	n/a
Recoveries: rates, water, electricity, sewerage	√		√	Variable	Over time
Advertising	√		√	Fixed	Over time

The group holds well-positioned, prime commercial and industrial properties that offer an attractive return from both capital and income perspectives. Based on their portfolio, the risk of tenant groups are lower.

To further mitigate their risk, the group provided the JSE, an A grade tenant occupying 31% of the Group's GLA, with a rent incentive of R20 million, realised over an 8-year period, in order to ensure that they renew their contract with the Newpark group. Furthermore, the group also provide rent abatements (rent-free months in order for tenants to establish their business) to some of their tenants.

There are no buy-back agreements, residual value guarantee or variable lease payments within the group to mitigate.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
21. OTHER INCOME				
Professional services	**755**	–	**755**	–
	755	–	**755**	–
22. EXPENSES BY NATURE				
Administrative expenses	**6 139**	5 800	**975**	1 013
Property operating expenses	**32 530**	26 612	**–**	–
Total property operating and administrative expenses	**38 669**	32 412	**975**	1 013
Property operating expenses				
Administration and management fees	**1 503**	1 277	**–**	–
Repairs and maintenance	**6 230**	1 084	**–**	–
Movement in credit loss allowance	**3 829**	1 818	**–**	–
Utilities	**14 658**	16 036	**–**	–
Insurance	**260**	268	**–**	–
Depreciation	**359**	372	**–**	–
Cleaning	**940**	1 074	**–**	–
Security	**1 733**	1 846	**–**	–
Other expenses	**3 018**	2 837	**–**	–
Total property expenses	**32 530**	26 612	**–**	–
Administrative expenses				
Directors' fees and costs	**2 403**	2 231	**2 403**	2 231
Annual duty	**8**	–	**4**	–
Audit fees	**691**	618	**691**	618
Administration costs and fees	**2 848**	2 755	**1 995**	1 970
Management fees received	**–**	–	**(4 173)**	(3 900)
Bank charges	**68**	62	**2**	2
Legal fees	**12**	92	**–**	92
Sundry expenses	**109**	42	**53**	–
Total administrative expenses	**6 139**	5 800	**975**	1 013

23. FINANCE INCOME

ACCOUNTING POLICIES

Interest income and expense are recognised within "finance income" and "finance costs" in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

This accounting policy also applies to note 25.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Interest revenue				
Bank	**149**	238	**–**	1
Trade and other receivables	**1 350**	997	**38**	–
Intergroup loans	**–**	–	**8 665**	9 159
	1 499	1 235	**8 703**	9 160

24. FAIR VALUE ADJUSTMENTS

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Net (loss)/gain from fair value adjustment on investment property	**(25 772)**	16 903	**–**	–
Net (loss)/gain from fair value adjustments on financial instruments at fair value through profit or loss	**(7 948)**	2 987	**–**	–
	(30 720)	19 890	**–**	–

25. FINANCE COSTS

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Bank fees capitalised against loan amortised	**558**	280	**285**	–
Bank borrowings	**40 962**	41 318	**–**	–
Interest paid interest rate swap	**3 318**	2 993	**–**	–
Other	**–**	1	**–**	–
Intergroup loans	**–**	–	**19 177**	19 721
	44 838	44 592	**19 462**	19 721

26. TAXATION

ACCOUNTING POLICIES

In accordance with the holding company's status as a REIT and the subsidiary companies' status as a Controlled Property Company ("CPC"), the dividend distributions made in line with the holding company's dividend policy meet the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act"). In determining the tax obligation of the company, the "qualifying distribution" is deducted from taxable profits insofar that it does not create an assessed loss.

The context within which the income tax policy must be read is that the holding company and therefore the group, is recognised as a REIT and tax and deferred tax assets and liabilities are accounted for accordingly.

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets and liabilities

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for the carry-forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

No deferred tax is recognised on the fair value adjustments to investment property. These assets are realised through sale and as such do not attract capital gains tax in terms of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act").

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period after deduction of "qualifying distributions" in terms of section 25BB of the Income Tax Act, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

In accordance with the group's status as a REIT, the dividend distributions declared meet the requirements of a qualifying distribution for the purposes of section 25BB of the Income Tax Act.

26. TAXATION (continued)

ACCOUNTING POLICIES (continued)

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Dividend distribution

Dividend distributions to the group's shareholders are recognised as a liability in the company financial statements in the period in which the dividend distributions are approved by the group's directors.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Major components of the tax (income)/expense				
Current				
Local income tax – recognised in current tax for prior periods	–	–	–	–
Deferred				
Originating and reversing temporary differences	–	–	–	–
	–	–	–	–
Reconciliation of the tax expense				
Reconciliation between accounting profit/(loss) and tax expense				
Accounting profit before tax	12 156	72 022	40 064	43 226
Tax at the applicable tax rate of 28% (2019: 28%)	3 404	20 166	11 217	12 103
Tax effect of adjustments on taxable income				
Fair value adjustment not subject to tax	9 442	(5 569)	–	–
Straight-line and lease incentive movements not subject to tax	(342)	(2 473)	–	–
Dividend distribution	(11 218)	(12 124)	(11 217)	(12 123)
Other	(87)	–	–	–
Taxable income	1 199	–	–	(20)
Assessed loss brought forward	(1 199)	–	–	–
Tax payable/loss carried forward	–	–	–	(20)

In determining the tax obligation of the group, the "qualifying distribution" is deducted from taxable profits insofar that it does not create an assessed loss and therefore no provision has been raised for 2020.

	Group		Company	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
27. EARNINGS PER SHARE				
Basic earnings per share				
Basic				
Profit attributable to shareholders	**12 156**	72 022	**40 064**	43 226
Weighted average number of ordinary shares in issue	**100 000 001**	100 000 001	**100 000 001**	100 000 001
Basic earnings per share				
From continuing operations (cents per share)	**12,16**	72,02		
Diluted earnings per share				
There are no dilutive instruments in issue.				
Profit attributable to shareholders	**12 156**	72 022	**40 064**	43 226
Weighted average number of ordinary shares in issue	**100 000 001**	100 000 001	**100 000 001**	100 000 001
Diluted earnings per share (cents per share)	**12,16**	72,02		
Headline earnings per share				
Headline earnings is calculated as follows:				
Profit attributable to shareholders	**12 156**	72 022	**40 064**	43 226
Adjusted for:				
Change in fair value of investment property as a result of appreciation in property value	**25 772**	(16 903)	**–**	–
	37 928	55 119	**40 064**	43 226
Weighted average number of ordinary shares in issue	**100 000 001**	100 000 001	**100 000 001**	100 000 001
Headline earnings per share (cents per share)				
From continuing operations (cents per share)	**37,93**	55,12		

The weighted average number of shares has been calculated as 100 000 001 (2019: 100 000 001) weighted for the full financial year to 29 February 2020, resulting in 100 000 001 (2019: 100 000 001) shares.

28. DISTRIBUTABLE EARNINGS PER SHARE

In addition to the performance measured, the group uses distributable earnings per share ("DPS") as an alternative performance measure. DPS 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 DPS 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 27)	**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 dividend 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

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

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
29. CASH GENERATED FROM OPERATIONS				
Profit before taxation	**12 156**	72 022	**40 064**	43 226
Adjustments for:				
Depreciation	**359**	372	**–**	–
Finance income	**(1 499)**	(1 235)	**(8 703)**	(9 160)
Finance costs	**44 280**	44 592	**19 462**	19 721
Fair value adjustments – derivatives	**7 948**	(2 987)	**–**	–
Fair value adjustments – investment property	**25 772**	(16 903)	**–**	–
Straight-line lease assets	**(3 869)**	(11 479)	**–**	–
Lease incentive	**2 647**	2 647	**–**	–
Changes in working capital:				
Trade and other receivables	**(168)**	2 221	**(45)**	–
Trade and other payables	**3 289**	5 285	**459**	239
	90 915	94 535	**51 237**	54 026
30. TAX RECEIVED				
Balance at the beginning of the reporting period	**–**	(2 273)	**–**	–
Current tax for the reporting period recognised in profit or loss (refer note 25)	**–**	–	**–**	–
Balance at the end of the reporting period	**–**	–	**–**	–
Tax received	**–**	2 273	**–**	–
	–	–	**–**	–

31. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2020	Opening balance R'000	Cash inflows R'000	Cash outflows R'000	Closing balance R'000
Group				
Borrowings	**458 500**	**68 892**	**(75 392)**	**452 000**
	458 500	**68 892**	**(75 392)**	**452 000**

2019	Opening balance R'000	Cash inflows R'000	Cash outflows R'000	Closing balance R'000
Group				
Borrowings	453 400	70 680	(65 580)	458 500
	453 400	70 680	(65 580)	458 500

2020	Opening balance R'000	Income or expenses in profit or loss R'000	Cash inflows R'000	Cash outflows R'000	Closing balance R'000
Company					
Amounts due to group companies	**216 507**	**1 483**	**48 564**	**(47 907)**	**218 647**
	216 507	**1 483**	**48 564**	**(47 907)**	**218 647**

2019	Opening balance R'000	Cash inflows R'000	Cash outflows R'000	Closing balance R'000
Company				
Amounts due to group companies	211 345	56 313	(51 151)	216 507
	211 345	56 313	(51 151)	216 507

32. RELATED PARTIES

Relationships

Subsidiaries

Formprop Properties Proprietary Limited

Newpark Tower Proprietary Limited

I.M.P. Properties Proprietary Limited

CP Finance Properties Proprietary Limited

Other related parties

Capensis Real Estate Proprietary Limited

WellCapital Proprietary Limited

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Related party balances				
Amounts due from/(to) related parties				
Newpark Tower Proprietary Limited	–	–	(218 647)	(216 507)
I.M.P. Properties Proprietary Limited	–	–	111 878	111 928
Related party transactions				
Interest paid to related parties				
Newpark Towers Proprietary Limited	–	–	19 177	19 721
Interest received from related parties				
I.M.P. Properties Proprietary Limited	–	–	(8 665)	(9 159)
Professional services				
JAI Ferreira	741	700	–	–
SP Fifield	1 686	1 590	–	–
Management fees paid to/received from related parties				
Newpark Tower Proprietary Limited	–	–	3 399	3 176
Formprop Properties Proprietary Limited	–	–	513	480
CP Finance Properties Proprietary Limited	–	–	261	244

33. DIRECTORS' EMOLUMENTS

12 months ended 29 February 2020	Board member fees R'000	Advisory R'000	Total 2020 R'000
Non-executive directors			
M Wainer	51		51
GD Harlow	322	–	322
HC Turner	293	–	293
DI Sevel	275	–	275
S Shaw-Taylor	191	–	191
DT Hirschowitz	215	–	215
KM Ellerine	215	–	215
BD van Wyk	191	–	191
Total	1 753	–	1 753
Executive directors			
SP Fifield	417	1 269	1 686
JAI Ferreira	238	503	741
Total	655	1 772	2 427

12 months ended 28 February 2019	Board member fees R'000	Advisory R'000	Total 2019 R'000
Non-executive directors			
GD Harlow	303	–	303
HC Turner	275	–	275
DI Sevel	258	–	258
S Shaw-Taylor	180	–	180
DT Hirschowitz	202	–	202
KM Ellerine	202	–	202
BD van Wyk	180	–	180
Total	1 600	–	1 600
Executive directors			
SP Fifield	393	1 197	1 590
JAI Ferreira	225	475	700
Total	618	1 672	2 290

34. DETAILS OF PROPERTY PORTFOLIO

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

Property name	Physical address	Sector	Weighted average rental per m² (R/m²)	Rentable area (GLA) m²	Vacancy (% GLA)
JSE Building	One Exchange Square, 2 Gwen Lane, Sandown, 2196 Gauteng	Office	*	18 163,00	–
24 Central	6 Gwen Lane, Sandown, Sandton, 2196 Gauteng	Mixed use (mainly office and retail)	137,18	15 654,77	12,1
Linbro Business Park	Portion 3 and 4 of Erf 9 Frankenwald Extension 3 Township (Linbro Business Park)	Industrial	*	12 387,00	–
Crown Mines	Erven 1 and 2 Crown City Extension 1	Industrial	*	11 277,00	–
Total			**161,68**	**57 481,77**	**12,1**

* *As the JSE building, Linbro Park and Crown Mines are single tenanted buildings in the property portfolio, the weighted average rental per m² as at 28 February 2019 has been included in the weighted average rental per m² for the group.*

24 Central: This is a prime grade, high-quality finish commercial office property with 20% retail (restaurant) support aspect. Footprint is generally a hexagonal structure with attached parking and outside dining facilities on the ground floor. There is multi-volume open internal atrium space and offices are located on four floors above this.

Analysis of the properties

An analysis of the properties in respect of geographic, sectoral, tenant, vacancy and lease expiry profiles as at 29 February 2020 is provided in the tables below.

Geographic profile

All of the properties are located in Gauteng.

	Based on GLA %	Based on gross rental %	Vacancy profile based on GLA %	GLA m²
Sectoral profile				
Office	31,6	52,7	0,0	18 163,0
Mixed use (retail and office)	22,1	22,6	7,0	12 728,2
Industrial	41,2	24,5	0,0	23 664,0
Mixed use (storage)	5,1	0,2	5,1	2 926,5
Total	**100,00**	**100,00**	**12,1**	**57 481,7**

34. DETAILS OF PROPERTY PORTFOLIO (continued)

Leasing arrangements

Minimum lease payments receivable under non-cancellable operating leases of investment property not recognised in the financial statements are as follows:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Minimum lease payments				
Within one year	**100 993**	92 920	**–**	–
Later than one year, but within five years	**506 929**	513 640	**–**	–
Later than five years	**22 021**	196 827	**–**	–

	Based on GLA %	GLA %
Tenant profile		
A	46 335,13	80,6
B	2 173,11	3,8
C	2 047,06	3,5
Vacant	6 926,47	12,1
	57 481,77	100,0

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, TP South Africa Trading Proprietary Limited (UK and Belgian Visa), CCI South Africa Proprietary Limited, Rockets Express Proprietary Limited, HellermannTyton and Bidvest.

B. National tenants, smaller listed tenants, franchisees and medium to large professional firms. These are News Café, Moyo Urban and The Baron.

C. Other local tenants and sole proprietors. These are Club Sublime CC (Taboo), Juju Lounge CC (Cocoon), ATM Solutions Proprietary Limited, Lexi's Health Eatery and AU999 Commodities.

Rental per square meter and rental escalation

The weighted average rental per square metre of the 24 Central as at 29 February 2020 is R137,18/m^2. The weighted average rental escalation, based on existing leases by GLA, for the properties is 8,20%.

35. 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. The lockdown will have the largest impact on the group's mixed use property tenants. The JSE is classified as an essential service and was not impacted negatively by the lockdown regulations in the context of the group's earnings.

Stress-testing of the group for the impact the lockdown may have on the 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 a worse-case scenario assumption, 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.

36. 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 significant loss of income 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.

SHAREHOLDER INFORMATION

The group has granted short-term cash flow relief to tenants in order to support the loyal tenants through the COVID-19 lockdown.

SHAREHOLDER DIARY

Shareholders' diary	2020
Financial year-end	29 February
Announcement of annual results	20 May
Integrated report released	15 June
Annual general meeting	14 July
Announcement of interim results	9 October

DEFINITIONS

"Alt^X"	the Alternative Exchange of the JSE
"the board"	the board of directors of Newpark REIT
"Bridoon"	Bridoon Trade and Invest Proprietary Limited, a major shareholder of Newpark REIT
"CEO"	Chief Executive Officer, Simon Fifield, appointed 7 January 2016
"Companies Act"	the Companies Act, No. 71 of 2008 (as amended)
"Ellerine"	Ellerine Bros. Proprietary Limited, a major shareholder of Newpark
"Ellwain"	Ellwain Investments Proprietary Limited, a major shareholder of Newpark
"existing shareholders"	collectively, Ellerine, Ellwain, Renlia and Bridoon, being the existing shareholders of Newpark Towers prior to the listing of Newpark
"FD"	Financial Director, Dries Ferreira, appointed 1 September 2016
"GLA"	gross lettable area, measured in square metres
"government"	the Government of South Africa
"IBC"	inside back cover
"IFRS"	International Financial Reporting Standards
"Income Tax Act"	Income Tax Act, No. 58 of 1962 (as amended)
"independent property valuer" or "Quadrant Properties"	the independent property valuer of the company
"invited investors"	selected investors
"JSE Listing" or "listing"	the listing of all the company's issued shares on the JSE's Alt^X exchange as a "Diversified REIT" on 3 February 2016
"JSE"	JSE Limited, the South African securities exchange
"King IV™ Report"	King Report on Corporate Governance for South Africa 2016
"listing date"	3 February 2016, the date Newpark REIT Limited listed as a "Diversified REIT" on the JSE Alt^X exchange
JSE Listings Requirements"	the Listings Requirements, as issued by the JSE from time to time
"m^2"	square metres
"major subsidiaries"	a major subsidiary as defined in the JSE Listings Requirements, namely a subsidiary that represents 25% or more of the total assets or revenue of the consolidated group
"MOI"	the Memorandum of Incorporation of the company
"Newpark group" or "the group"	collectively, Newpark and its subsidiaries
"Newpark Towers" or "subsidiary"	Newpark Towers Proprietary Limited, a wholly-owned subsidiary of the company as of the listing date
"Newpark" or "the company"	Newpark REIT Limited

"private placement"	the private placement by Newpark to raise up to approximately R62,5 million by way of an offer to invited investors to subscribe for 10 000 000 private placement shares at the issue price of R6,25 per share on 3 February 2016
"properties" or "property portfolio"	24 Central and the JSE Building which, from the listing date, comprise the property portfolio of the company, an industrial building in Linbro Park and an industrial building in Crown Mines
"property manager" or "JHI"	JHI Properties Proprietary Limited
"property management"	the agreement entered into on 7 June 2010 between JHI agreement and Newpark Towers governing the provision by JHI of property management services to Newpark Towers in respect of the 24 Central property
"R" or "Rand" or "ZAR"	the South African Rand, the lawful currency of South Africa
"RMB"	Rand Merchant Bank, a division of FirstRand Bank Limited
"REIT"	Real Estate Investment Trust, a company listed on the JSE which has received REIT status in terms of the JSE Listings Requirements
"Renlia"	Renlia Developments Proprietary Limited, a major shareholder of Newpark
"SENS"	Stock Exchange News Service of the JSE
"subsidiary"	subsidiary of the company as of the listing date
"the period under review" or "the period"	the period from 1 March 2019 to 29 February 2020
"yield"	the distribution available to a holder of a share in any financial year divided by the market price of that share

CORPORATE INFORMATION

Registered office

Newpark REIT Limited

(Registration number 2015/436550/06)
51 West Street
Houghton, 2198

(PO Box 3178, Houghton 2041)

Place and date of incorporation

Incorporated in South Africa on 7 December 2015

Company secretary

Craig Laidlaw *(BSS; LLB; ACIS)*
CIS Company Secretaries Proprietary Limited
(Registration number 2006/024994/07)
15 Biermann Avenue
Rosebank 2196

(PO Box 61051, Marshalltown 2107)

Corporate advisor and bookrunner

Java Capital Proprietary Limited
(Registration number 2012/089864/07)
6A Sandown Valley Crescent
Sandown, Sandown 2196

(PO Box 582606, Saxonwold 2132)

Designated advisor

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent
Sandown 2196

(PO Box 522606, Saxonwold 2132)

Attorneys

Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town 8001

(PO Box 695, Cape Town 8000)

Fullard Mayer Morrison Inc.
(Registration number 1999/026700/21)
4 Morris Street West
Rivonia, Johannesburg 2191

(PO Box 4475, Rivonia 2128)

Independent property valuer

Quadrant Properties Proprietary Limited
(Registration number 1995/003097/07)
16 North Road
Corner Jan Smuts Avenue
Dunkeld West 2196

(PO Box 1984, Parklands 2121)

Bankers

Rand Merchant Bank, a division of FirstRand Bank Limited (Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton 2196

(PO Box 786273, Sandton 2146)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank 2196

(PO Box 61051, Marshalltown 2107)

GENERAL INFORMATION

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Property holding and investment company	
Company registration number	2015/436550/06	
JSE share code	NRL	
ISIN	ZAE000212783	
Registered office and business address	51 West Street Houghton 2198	
Postal address	PO Box 3178 Houghton 2041	
Directors	S Shaw-Taylor	*Chairperson, independent non-executive director*
	SP Fifield	*Chief executive director*
	JAI Ferreira	*Financial director*
	BD van Wyk	*Non-executive director*
	DT Hirschowitz	*Non-executive director*
	KM Ellerine	*Non-executive director*
	HC Turner	*Independent non-executive director*
Bankers	Rand Merchant Bank, a division of FirstRand Bank Limited	
Auditors	BDO South Africa Incorporated	
Secretary	CIS Company Secretaries Proprietary Limited	
Transfer secretaries	Computershare Investor Services Proprietary Limited	
Designation advisor	Java Capital Trustees and Sponsors Proprietary Limited	
Level of assurance	These financial statements have been audited by our external auditors, BDO South Africa Incorporated, in compliance with the applicable requirements of the Companies Act, no. 71 of 2008	
Preparer	The consolidated financial statements were independently compiled by Dries (JAI) Ferreira CA(SA)	
Issued	29 May 2020	

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

Notice is hereby given that the annual general meeting of shareholders of Newpark will be held at Unit 9A, 1st Floor, 3 Melrose Boulevard, Melrose Arch, on Tuesday, 14 July 2020 at 12:00 ("the annual general meeting") for the purposes of:

- receiving and adopting the audited consolidated annual financial statements of the company and the group for the year ended 29 February 2020 and incorporating the directors' report and the audit and risk committee report. A copy of the complete consolidated annual financial statements of the company for the preceding financial year may be obtained from the company's registered office at 51 West Street, Houghton Estate, Johannesburg, 2001, or is available on the company's website at www.newpark.co.za;
- transacting any other business as may be transacted at an annual general meeting of shareholders of a company including the reappointment of the auditors and the re-election of retiring directors; and
- considering and, if deemed fit, adopting, with or without modification, the special and ordinary resolutions set out below:

Important dates

	2020
Record date for purposes of receiving this notice	Friday, 5 June
Last day to trade in order to be eligible to participate in and vote at the annual general meeting	Tuesday, 30 June
Record date for purposes of voting at the meeting ("**voting record date**")	Friday, 3 July
Annual general meeting held at 12:00 on	Tuesday, 14 July
Results of annual general meeting released on SENS on	Tuesday, 14 July

Kindly note that in terms of section 62(3)(e) of the Companies Act No. 71 of 2008 ("**the Companies Act**"):

- a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder;
- a proxy need not also be a shareholder of the company;
- meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the annual general meeting; and
- the chairperson must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified.

Forms of identification include valid identity documents, drivers' licenses and passports.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements, which includes the external independent auditor's report, the audit and risk committee report and the directors' report for the year ended 29 February 2020, have been distributed as required and will be presented to shareholders at the annual general meeting.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The report by the company's social and ethics committee included on pages 25 and 26 of the integrated report will serve as the social and ethics committee's report to the company's shareholders on the matters within its mandate at the annual general meeting. Any specific questions to the social and ethics committee may be sent to the company secretary prior to the annual general meeting.

1. ORDINARY RESOLUTION NUMBER 1:

RE-ELECTION OF DIRECTOR

Ms Dionne Hirschowitz retires by rotation and, being eligible, offers herself for re-election as non-executive director of the company.

"Resolved that the re-election of Ms Dionne Hirschowitz as non-executive director to the company be confirmed."

An abridged *curriculum vitae* of Ms Dionne Hirschowitzis included in the integrated report of which this notice forms part.

The company's board of directors has considered Ms Dionne Hirschowitz' past performance and contribution to the company and recommends that she be re-elected as a director of the company.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

2. ORDINARY RESOLUTION NUMBER 2:

RE-ELECTION OF DIRECTOR

Mr Kevin Ellerine retires by rotation and, being eligible, offers himself for re-election as non-executive director of the company.

"Resolved that the re-election of Mr Kevin Ellerine as non-executive director to the company be confirmed."

An abridged *curriculum vitae* of Mr Kevin Ellerine is included in the integrated report of which this notice forms part.

The company's board of directors has considered Mr Kevin Ellerine's past performance and contribution to the company and recommends that he be re-elected as a director of the company.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

3. ORDINARY RESOLUTION NUMBER 3

RE-ELECTION OF DIRECTOR

Mr Stewart Shaw-Taylor retires by rotation and, being eligible, offers himself for re-election as independent non-executive director of the company.

"Resolved that the re-election of Mr Stewart Shaw-Taylor as independent non-executive director to the company be confirmed."

An abridged *curriculum vitae* of Mr Stewart Shaw-Taylor is included in the integrated report of which this notice forms part.

The company's board of directors has considered Mr Stewart Shaw-Taylor's past performance and contribution to the company and recommends that he be re-elected as a director of the company.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

4. ORDINARY RESOLUTION NUMBERS 4.1 TO 4.3:

RE-APPOINTMENT AND APPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

4.1 Ordinary resolution number 4.1:

Re-appointment of Mr Howard Charles Turner as a member of the audit and risk committee

Re-appointment of Mr Howard Charles Turner as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies No. Act 71 of 2008, Mr Howard Charles Turner, an independent non-executive director, be re-appointed as a member and chairperson of the audit and risk committee."

An abridged *curriculum vitae* of Mr Howard Charles Turner is included in the integrated report of which this notice forms part.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

4.2 Ordinary resolution number 4.2:

Appointment of Ms Dionne Hirschowitz as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act No. 71 of 2008, Ms Dionne Hirschowitz, a non-executive director, subject to the passing of ordinary resolution number 1, be appointed as a member of the audit and risk committee."

An abridged *curriculum vitae* of Ms Dionne Hirschowitz is included in the integrated report of which this notice forms part.

Even through Ms Dionne Hirschowitz is not independent, the board believes that her skills, experience and knowledge of Newpark outweigh any other considerations.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

4.3 Ordinary resolution number 4.3:

Appointment of Mr Barry van Wyk as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act No. 71 of 2008, Mr Barry van Wyk, an independent non-executive director, be appointed as a member of the audit and risk committee."

An abridged *curriculum vitae* of Mr Barry van Wyk is included in the integrated report of which this notice forms part.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

Due to the composition of the board, with specific reference to the number of independent non-executive directors on the board, even though the company meets its statutory obligations for the audit committee composition in terms of section 94(4) (a) and (b) of the Companies Act, the company is currently unable to meet the King IV™ best practice recommendations regarding the independence of the non-executive directors constituting the audit and risk committee. This matter will be addressed by the board.

5. ORDINARY RESOLUTION NUMBER 5:

APPOINTMENT OF AUDITORS

Resolved that BDO South Africa Incorporated, together with Mr Stephen Shaw, being the designated audit partner, be appointed as the auditors of the company."

The audit and risk committee has nominated for appointment as auditors of the company under section 90 of the Companies Act No. 71 of 2008, BDO South Africa Incorporated. The audit and risk committee has evaluated the suitability and performance of BDO South Africa Incorporated together with Mr Stephen Shaw, and recommends their appointment as the external auditors of the group in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

6. ORDINARY RESOLUTION NUMBER 6:

GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

"Resolved that the directors of the company be and are hereby authorised by way of a general authority to issue shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the Companies Act No. 71 of 2008, the Memorandum of Incorporation of the company, the JSE Listings Requirements, when applicable, and the following limitations, namely that:

a. the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such options, securities or rights that are convertible into a class already in issue;

b. any such issue will be made to "public shareholders" and not "related parties", as defined in the JSE Listings Requirements;

c. the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 50 000 000 shares, being 50% (fifty percent) of the company's issued shares as at the date of notice of this annual general meeting. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 50 000 000 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;

d. in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;

e. this authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;

f. an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the issue is agreed in writing and an explanation, including supporting documentation (if any), of the intended use of the funds will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) of the number of shares in issue prior to the issue; and

g. the maximum discount at which the shares may be issued is 10% to the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue (the "reference period") is agreed between the company and the party subscribing for the shares (the "reference price"), provided that the reference price shall be reduced by the amount of any dividend if:

   - the "ex" date for shareholders to be recorded on the share register in order to receive the relevant dividend occurs during the reference period; and/or
   - the shares to be issued shall only be issued after the "ex" date.

For the avoidance of doubt, all issues of shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition to aforegoing provisions, be in accordance with the JSE Listings Requirements.

In order for ordinary resolution number 5 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution in accordance with the JSE Listings Requirements.

7. ORDINARY RESOLUTION NUMBER 7:

SPECIFIC AUTHORITY TO ISSUE SHARES PURSUANT TO A REINVESTMENT OPTION

"Resolved that, in addition to the authority set out in ordinary resolution number 7 (irrespective of whether authority on resolution number 7 is passed or not) and subject to the provisions of the Companies Act No. 71 of 2008, the company's Memorandum of Incorporation and the JSE Listings Requirements, the directors be and are hereby authorised by way of a specific standing authority to allot and issue shares, as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their distributions in new shares of the company pursuant to a reinvestment option."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

8. NON-BINDING ADVISORY RESOLUTION NUMBER 1:

NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY

"Resolved that, in accordance with the principles of the King IV™ report on governance ("**King IV™**"), and through a non-binding advisory vote, the company's remuneration policy as further detailed on page 24 of the integrated report of which this notice forms part, be and is hereby endorsed."

9. NON-BINDING ADVISORY RESOLUTION NUMBER 2:

NON-BINDING ADVISORY VOTE ON REMUNERATION IMPLEMENTATION REPORT

"Resolved that, in accordance with the principles of the King IV™, and through a non-binding advisory vote, the company's remuneration implementation report as further detailed on page 24 of the integrated report of which this notice forms part, be and is hereby endorsed."

In the event that 25% or more of the shareholders vote against either or both non-binding advisory resolutions 1 and 2, the board is committed to engaging actively with dissenting shareholders in this regard in order to address all legitimate and reasonable objections or concerns.

10. SPECIAL RESOLUTION NUMBER 1:

FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED PARTIES

"Resolved as a special resolution that, to the extent required by section 45 of the Companies Act No. 71 of 2008 ("**the Companies Act**"), the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, authorise the company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure until the next annual general meeting of the company."

Reason for and effect of special resolution number 1

The company would like the ability to provide financial assistance, if necessary, in accordance with section 45 of the Companies Act. This authority is necessary for the company to provide financial assistance in appropriate circumstances. Under the Companies Act, the company requires the special resolution referred to above to be adopted, provided that the board of directors of the company is satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to ensure, inter alia, that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 1. Therefore, the reason for, and effect of, special resolution number 1 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 1 above.

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

11. SPECIAL RESOLUTION NUMBER 2:

SHARE REPURCHASES

"Resolved as a special resolution that the company or any of its subsidiaries be and are hereby authorised by way of a general authority to acquire shares issued by the company, in terms of sections 46 and 48 of the Companies Act No. 71 of 2008 ("**the Companies Act**") and in terms of the JSE Listings Requirements being that:

a. any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement between the company and the counterparty;

b. this general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing this special resolution;

c. the company (or any subsidiary) is duly authorised by its Memorandum of Incorporation to do so;

d. acquisitions of shares in the aggregate in any one financial year may not exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the company's issued ordinary share capital as at the date of passing this special resolution;

e. in determining the price at which shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the five business days immediately preceding the repurchase of such shares;

f. at any point in time the company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;

g. repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted in writing to the JSE prior to the commencement of the prohibited period;

h. an announcement will be published as soon as the company or any of its subsidiaries have acquired shares constituting on a cumulative basis, 3% of the number of shares in issue prior to the acquisition pursuant to which the aforesaid threshold is reached and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions; and

i. the board of directors of the company must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the group."

In accordance with the JSE Listings Requirements the directors record that although there is no immediate intention to effect a repurchase of the shares of the company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and immediate action. The directors undertake that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the share repurchase general authority, for a period of 12 months after the date of notice of this annual general meeting:

- the company and the group will, in the ordinary course of business, be able to pay its debts;
- the consolidated assets of the company and the group fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the company and the group fairly valued in accordance with International Financial Reporting Standards; and
- the company's and the group's share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the integrated report, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders – page 43.
- Capital structure of the company – page 84.

Directors' responsibility statement

The directors whose names appear on pages 16 and 17 of the integrated report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated report of which this notice forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial period ended 29 February 2020 and up to the date of this notice.

Reason for and effect of special resolution 2

The reason for and effect of special resolution 2 is to afford the directors of the company (or a subsidiary of the company) general authority to effect a repurchase of the company's shares on the JSE.

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

12. SPECIAL RESOLUTION NUMBER 3:

APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

"Resolved, as a special resolution, that the fees payable by the company to each of the non-executive directors for their services as directors (in terms of section 66 of the Companies Act No. 71 of 2008) be and are hereby approved with effect from 1 March 2020 for a period of one year from the passing of this resolution or until its renewal, whichever is the earliest, as follows:

Non-executive directors' fees for the year ended 29 February 2020 and proposed fees for 2021:

	Directors' annual fees	
Position	**2020 Actual R**	**2021 Proposed R**
Chairperson of the board	**268 000**	268 000
Non-executive member of the board	**179 000**	179 000
Audit and risk committee chairperson	**54 000**	54 000
Audit and risk committee member	**36 000**	36 000
Remuneration committee chairperson	**36 000**	36 000
Remuneration committee member	**24 000**	24 000
Social and ethics committee chairperson	**36 000**	36 000
Social and ethics committee member	**24 000**	24 000
Investment committee chairperson	**18 000**	18 000
Investment committee member	**12 000**	12 000

The remuneration committee has decided to review the directors' fees on a quarterly basis based on the outcomes of the business environment as impacted by the national state of disaster.

The above amounts exclude VAT payable where applicable.

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

13. ORDINARY RESOLUTION NUMBER 7:

SIGNATURE OF DOCUMENTATION

"Resolved that any director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolutions numbers 1 to 7, non-binding resolutions 1 and 2 and special resolutions number 1 to 3 which are passed by the shareholders with and subject to the terms thereof."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

Voting and proxies

Any person attending or participating in the annual general meeting must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder/as a proxy for a shareholder) has been reasonably verified.

A shareholder of the company entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and to vote in his stead. The proxy need not be a shareholder of the company.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only.

On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share in the company held by such shareholder.

A form of proxy is enclosed for the convenience of certificated and own name dematerialised shareholders holding shares in the company who cannot attend the annual general meeting but wish to be represented thereat.

Such shareholders are requested to complete and return the attached form of proxy and lodge it with the Transfer Secretaries of the company, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) or by email to proxy@computershare.co.za, at least 48 hours prior to the date of the annual general meeting in order to allow for processing of the proxy forms. Alternatively, the form of proxy may be handed to the chairperson of the annual general meeting or the transfer secretaries present at the annual general meeting, prior to voting on any resolution proposed at the annual general meeting.

Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

Dematerialised shareholders who have not elected own name registration in the sub-register of the company through a Central Securities Depository Participant ("**CSDP**") and who wish to attend the annual general meeting, must instruct the CSDP or broker to provide them with the necessary authority to attend.

Dematerialised shareholders who have not elected "own name" registration in the sub-register of the company through a CSDP and who are unable to attend, but wish to vote at the annual general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker. Such shareholders are advised that they must provide their CSDP or broker with separate voting instructions in respect of their shares.

Electronic participation

The company has made provision for shareholders or their proxies to participate electronically in the annual general meeting by way of telephone conferencing. Should you wish to participate in the annual general meeting by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 12:00 on Wednesday, 8 July 2020 by submitting via email to the Company Secretary at owen.chimkolenji@computershare.co.za or faxed to +27 11 688 5279, for the attention of Mr Craig Laidlaw, with the relevant contact details, including:

- an email address;
- cellular number and landline;
- full details of the shareholder's title to securities issued by the company and proof of identity;
- for certificated ordinary shares – copies of identity documents and share certificates; and
- for dematerialised ordinary shares – written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised ordinary shares.

Upon receipt of the required information the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility. Shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the annual general meeting through this medium.

Forms of proxy may also be obtained on request from the company's registered office.

By order of the board

CIS Company Secretaries Proprietary Limited
Company secretary

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107

Registered office and business address

51 West Street, Houghton Estate, Johannesburg, 2001
PO Box 3178, Houghton, 2041

Transfer secretaries

Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107

15 June 2020

FORM OF PROXY

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 the JSE)
(“**Newpark**” or “**the company**”)

Where appropriate and applicable the terms defined in the notice of annual general meeting to which this form of proxy is attached and forms part of, bear the same meanings in this form of proxy.

For use by shareholders of the company holding certificated shares and/or dematerialised shareholders who have elected “own name” registration, nominee companies of Central Securities Depository participant’s (“**CSDP**”) and brokers’ nominee companies, registered as such at the close of business on Friday, 3 July 2020 (the voting record date), at the annual general meeting to be held at Unit 9A, 1st Floor, 3 Melrose Boulevard, Melrose Arch, at 12:00 on Tuesday, 14 July 2020 (the annual general meeting) or any postponement or adjournment thereof.

If you are a dematerialised shareholder, other than with “own name” registration, do not use this form. Dematerialised shareholders, other than with “own name” registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (full names in block letters please)

of (address)

being the holder/s of shares hereby appoint:

1. or failing him/her,
2. or failing him/her,
3. the chairperson of the annual general meeting, as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the annual general meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner:

	Number of votes		
	Shares		
	***For**	***Against**	***Abstain**
Ordinary resolution number 1: Re-election of Dionne Hirschowitz as director			
Ordinary resolution number 2: Re-election of Kevin Ellerine as director			
Ordinary resolution number 3: Re-election of Stewart Shaw-Taylor as director			
Ordinary resolution number 4: Re-appointment of the members of the audit and risk committee:			
4.1 Howard Charles Turner			
4.2 Dionne Hirschowitz			
4.3 Barry van Wyk			
Ordinary resolution number 5: Appointment of auditors			
Ordinary resolution number 6: General authority to issue shares for cash			
Ordinary resolution number 7: Specific authority to issue shares pursuant to a reinvestment option			
Non-binding advisory resolution number 1: Endorsement of remuneration policy			
Non-binding advisory resolution number 2: Endorsement of remuneration implementation report			
Special resolution number 1: Financial assistance to related or inter-related parties			
Special resolution number 2: Share repurchases			
Special resolution number 3: Approval of non-executive directors’ fees			
Ordinary resolution number 8: Signature of documentation			

One vote per share held by shareholders recorded in the register on the voting record date.

Mark “for”, “against” or “abstain” as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit.

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this day of 2020

Signature

Assisted by me (where applicable) (State capacity and full name)

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/ her stead. A proxy need not be a member of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

Forms of proxy should be deposited at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to PO Box 61051, Marshalltown, 2107 or by email to proxy@computershare.co.za. Shareholders are requested to furnish such forms to the transfer secretaries at least 48 hours prior to the meeting in order to allow for processing of the forms of proxy or handed to the transfer secretaries or the chairperson of the annual general meeting at any time prior to voting on any resolution proposed at the annual general meeting.

Please read the notes below

NOTES TO THE FORM OF PROXY

1. This form of proxy is only to be completed by those ordinary shareholders who are:
   a. holding ordinary shares in certificated form; or
   b. recorded in the sub-register in electronic form in their "own name";

   on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, in order to vote at the annual general meeting being Friday, 5 July 2019, and who wish to appoint another person to represent them at the annual general meeting.
2. Certificated shareholders wishing to attend the annual general meeting have to ensure beforehand, with the transfer secretaries of the company (being Computershare Investor Services Proprietary Limited), that their shares are registered in their name.
3. Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a form of proxy, unless a form of proxy is issued to them by a registered shareholder, and they should contact the registered shareholder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak, and, on a poll, vote at the annual general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space, with or without deleting "the chairperson of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A shareholder's instructions to the proxy must be indicated by means of a tick or a cross in the appropriate box provided. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares in respect of which you desire to vote. If (i) a shareholder fails to comply with the above; or (ii) gives contrary instructions in relation to any matter; or any additional resolution(s) which are properly put before the meeting; or (iii) the resolution listed in the form of proxy is modified or amended, the shareholder will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the shareholders' votes exercisable thereat. If, however, the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in (i) to (iii) above, then the proxy shall comply with those instructions.
6. The forms of proxy should be lodged at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to PO Box 61051, Marshalltown, 2107 or emailed to proxy@computershare.co.za. Shareholders are requested to furnish such forms to the transfer secretaries at least 48 hours prior to the date of the annual general meeting in order to allow for processing of the forms of proxy. Alternatively, the form of proxy may be handed to the transfer secretaries or the chairperson of the annual general meeting at any time prior to voting on any proposed resolution at the annual general meeting.
7. The completion and lodgement of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. In addition to the aforegoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.
9. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
10. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory/ies.
11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services Proprietary Limited or waived by the chairperson of the annual general meeting.
12. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services Proprietary Limited.
13. Where there are joint holders of shares:
    13.1. any one holder may sign the form of proxy; and
    13.2. the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.
14. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the annual general meeting unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received at Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, to reach the company by no later than 12:00 on Friday, 10 July 2020, or prior to the annual general meeting.
15. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
16. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act 2008 (the Companies Act), as required in terms of that section. In addition, an extract from the Companies Act reflecting the provisions of section 58 of the Companies Act, is set out below, or prior to the annual general meeting.

Extract from the Companies Act

"58. Shareholder right to be represented by proxy

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
   (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
   (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment –
   (a) must be in writing, dated and signed by the shareholder; and
   (b) remains valid for –
      (i) one year after the date on which it was signed; or
      (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c) or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
   (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
   (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

(4) Irrespective of the form of instrument used to appoint a proxy –
   (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
   (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
   (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
      (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
      (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
   (a) the date stated in the revocation instrument, if any; or
   (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

(6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to –
   (a) the shareholder; or
   (b) the proxy or proxies, if the shareholder has –
      (i) directed the company to do so, in writing; and
      (ii) paid any reasonable fee charged by the company for doing so.

(7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

(8) If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy –
   (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
   (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must –
      (i) bear a reasonably prominent summary of the rights established by this section;
      (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
      (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
   (c) the company must not require that the proxy appointment be made irrevocable; and
   (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

(9) Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

ANNEXURE – B-BBEE COMPLIANCE REPORT

Broad-Based Black Economic Empowerment Commission

Compliance Report by Sphere of Government / Public Entities / Organs of State

(in terms of Section 13G (1) of the Act)

Case Number | | **FORM: BBBEE 1**

SECTION A: DETAILS OF ENTITY

Name of Entity / Organisation	Newpark REIT Limited
Registration Number	2015/436550/06
Physical Address	51 West street Houghton Estate, Johannesburg
Telephone Number	011 483 4700
Email Address	info@newpark.co.za
Indicate Type of Entity / Organisation	Real Estate Investment Trust
Industry / Sector	Property
Relevant Code of Good Practice	Amended Property Sector Code (no. 40910)
Name of Verification Agency	aBEE RATE
Name of Technical Signatory	STEPHANIE GREYLING

SECTION B: INFORMATION AS VERIFIED BY THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONAL AS PER SCORECARDS

B-BBEE Elements	Target Score Including	Bonus Points	Actual Score Achieved
Ownership	e.g. 25 points		
Management Control	e.g. 19 points		
Skills Development	e.g. 20 points		
Enterprise and Supplier Development	e.g. 40 points		
Socio-Economic Development	e.g. 5 points		
Total Score	e.g. 109 points	n/a	*refer to page 26 of the integrated report*
Priority Elements Achieved	YES / NO and specify them		
Empowering Supplier Status	YES / NO and specify them		
Final B-BBEE Status Level			

***indicate how each element contributes to the outcome of the scorecard**

Compliance Report (FORM: B-BBEE 1) (in terms of Section 13G (1) of the Act) 1

GROUP OVERVIEW
STRATEGIC OVERVIEW
LEADERSHIP AND GOVERNANCE
ANNUAL FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

SECTION C: FINANCIAL REPORT

1. BASIC ACCOUNTING DETAILS:

a. Accounting Officer's Name: Dries Ferreira

b. Address:

51 West Street
Houghton Estate
Johannesburg

c. Accounting Policy: (*Your accounts are done?)*

Weekly	**Monthly**	**Other (specify)**
		every six months

d. Has the attached Financial Statements and Annual Report been approved by the entity? yes

2. PLEASE ATTACH THE FOLLOWING:

a. Copy of Annual Financial Statement including Balance Sheet and Income and Expenditure Report. Included in the Integrated Report

i) Annual Report: attached

b. Entity Annual Turnover: **R 51 043 000**

c. Sign-off and Date

	15 June 2020
Signature	**Date**

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