

NEWPARK REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2015/436550/06)

JSE share code: NRL ISIN: ZAE000212783

(Approved as a REIT by JSE)

("Newpark" or "the Company" or "the group")



**SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 28 FEBRUARY 2018**

DIRECTORS' COMMENTARY**Nature of Business**

Newpark is a property holding and investment company that is currently invested in A-grade commercial and industrial properties.

Property Portfolio

Newpark's property portfolio consists of four properties. Two are located in the heart of Sandton, Gauteng, namely the JSE Building which has 18,163 m² of gross lettable area ("GLA") and an adjoining property known as 24 Central, which has 15,422 m² of GLA. A further property is situated in Linbro Business Park which has 12,387 m² of GLA and the fourth property is situated in Crown Mines which has 11,277 m² of GLA. The combined independent valuations of these properties are performed annually at the group's year-end. The latest valuation as at 28 February 2018 was R1.38 billion.

Strategy

Newpark's investment strategy is to seek well positioned prime commercial and industrial properties which provide quality cash flows with the potential of upward rating on lease renewals and/or redevelopment opportunities within the medium to long-term. In addition to the core business of acquiring and developing physical assets in South Africa, Newpark continues to explore the potential for investment into real estate that offers good value in certain offshore markets that align with our investment philosophy.

Commentary on Results

The board of directors is pleased to present the group's results for the year under review, which are in line with the guidance provided. The tenant profile has remained largely the same and no acquisitions or disposals were made during this period.

Distributable Earnings

Distributable earnings for the full year of 52,80 (FY2017: 49,56) cents per share grew by 6,5% and are in line with the guidance provided. The board has declared a final dividend of 26,15 cents per share after having declared an interim dividend of 26,65 cents per share.

Year on year Newpark has increased its net asset value per share to R9,04 from R8,75, an increase of 3%.

Sectoral split, Lease expiry profile and Vacancies

| SECTORAL SPLIT (unaudited) | GLA | Gross Rentals |
|---|---------------|----------------------|
| Based on: | | |
| Mixed use | 8.8% | 12.1% |
| Office | 49.9% | 67.2% |
| Industrial | 41.3% | 20.7% |
| | 100.0% | 100.0% |
| LEASE EXPIRY PROFILE (unaudited) | GLA | Gross Rentals |
| Based on: | | |
| Vacant | 11.2% | 10.9% |
| Feb 2019 | 7.3% | 12.6% |
| Feb 2020 | 4.8% | 4.6% |
| Feb 2021 | 0.2% | 0.3% |
| Feb 2022 | 3.1% | 6.1% |
| Feb 2023 | 0.2% | 0.4% |
| > Feb 2023 | 73.2% | 65.1% |
| | 100.0% | 100.0% |

Funding

| | Amount R'000 | Rate |
|--|-----------------|--------------------------------------|
| Facilities | | |
| Expiry May 2020 (facility 1A) – floating rate | 450 000 | 3-month Jibar+1.95% [8.942%] |
| Expiry May 2020 (facility 1B) – floating rate | 50 000 | Prime-1.28% [8.720%] |
| TOTAL | 500 000 | |
| | Amount R'000 | Hedges of 3-month Jibar base-rate |
| Hedge instruments over above facilities | | |
| Hedge 1: rate swap – amended on 2017/6/30, replaced by Hedge 4 | 135 000 | 8.52% |
| Hedge 2: rate cap – expires 2019/1/18 | 135 000 | 8.52% |
| Hedge 3: rate swap – expires 2020/4/10 (rolls into Hedge 5) | 230 000 | 7.70% |
| Hedge 4: rate swap – started 2017/6/30 / expires 2022/5/31 | 135 000 | 8.085% |
| Hedge 5: rate swap – to start 2020/4/10 / expires 2022/5/31 | 135 000 | 7.993% |

Two separate RMB facilities were restructured on 24 May 2017 into a 3-year Term Loan Facility (facility 1A) of R450 000 000 maturing in May 2020 and a Revolving Credit Facility (facility 1B) of R50 000 000 maturing in May 2020. The new consolidated facilities are secured mainly by mortgage bonds together with a cession of the leases over the four properties. The term loan remains appropriately hedged as outlined above.

Interest Rate and Percentage of Debt Hedged

The all-in weighted average cost of funding is 9.478% (28 February 2017: 9.708%) and the average hedge-term is 2.3 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.

Summary of Financial Performance

| | 28 February 2018 | 28 February 2017 |
|--|------------------|------------------|
| Shares in issue | 100,000,001 | 100,000,001 |
| Net asset value per share | R9,04 | R8,75 |
| Loan-to-value ratio * | 32.7% | 33.5% |
| Gross property operating expense ratio | 19.5% | 20.6% |

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

Outlook

Newpark will continue to focus on a disciplined approach to the acquisition of high quality properties that offer meaningful growth in both capital and income. In the year ahead, the emphasis will be on closing a number of the transactions that are in the current pipeline in order to grow the portfolio in a manner that is value enhancing for shareholders.

The board is mindful of the current pressures experienced by tenants in the mixed-use (retail and office) segment, manifesting in higher than desired vacancies for the short term. Notwithstanding, Newpark budgeted to deliver growth of 6.0% to 8.0% on its 2018 distributions and, more importantly, be well positioned for above average growth thereafter.

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

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | Audited 28 February 2018 (R'000) | Audited 28 February 2017 (R'000) |
|-------------------------------------|--------|---|---|
| Assets | | | |
| Non-current assets | | | |
| Investment properties | note 3 | 1 261 766 | 1 234 246 |
| Straight-line lease asset | | 99 984 | 87 758 |
| Lease incentive | | 17 203 | 19 849 |
| | | 1 378 953 | 1 341 853 |
| Current Assets | | | |
| Trade and other receivables | | 6 182 | 4 834 |
| Lease incentive | | 2 647 | 2 647 |
| Receiver of revenue | | 2 273 | - |
| Cash and cash equivalents | | 1 720 | 50 746 |
| Total Current Assets | | 12 822 | 58 227 |
| Total Assets | | 1 391 775 | 1 400 080 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | | 619 918 | 619 918 |
| Reserves | | 180 412 | 180 412 |
| Retained income | | 103 598 | 75 024 |
| | | 903 928 | 875 354 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Bank borrowings | | 453 400 | 270 000 |
| Derivative financial instruments | | 11 050 | 3 078 |
| | | 464 450 | 273 078 |
| Current liabilities | | | |
| Trade and other payables | | 23 397 | 20 611 |
| Current portion of bank borrowings | | - | 230 882 |
| Receiver of revenue | | - | 155 |
| Total Current Liabilities | | 23 397 | 251 648 |
| Total Liabilities | | 487 847 | 524 726 |
| Total Equity and Liabilities | | 1 391 775 | 1 400 080 |

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Audited 12 months ended 28 February 2018 (R'000) | Audited 12 months ended 28 February 2017 (R'000) |
|--|--|--|
| Revenue | 136 450 | 109 663 |
| Property operating expenses | (26 571) | (22 699) |
| Administrative expenses | (6 177) | (3 096) |
| Net gain from fair value adjustment on investment property | 25 383 | 37 980 |
| Net change in fair value of financial instruments at fair value through profit or loss | (7 972) | (3 777) |
| Operating profit | 121 113 | 118 070 |
| Finance income | 1 884 | 3 316 |
| Finance costs | (45 639) | (26 190) |
| Profit before taxation | 77 358 | 95 196 |
| Taxation | 2 428 | - |
| Profit for the period | 79 786 | 95 196 |
| Other comprehensive income | - | - |
| Total comprehensive income | 79 786 | 95 196 |

Earnings per share information (cents per share)

| | | | |
|----------------------------|--------|-------|-------|
| Basic earnings per share | note 4 | 79.79 | 95.20 |
| Diluted earnings per share | note 4 | 79.79 | 95.20 |

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Audited Share capital (R'000) | Audited Share issue costs (R'000) | Audited Total share capital (R'000) | Audited Capital reorganisation reserve (R'000) | Audited Retained (loss)/income (R'000) | Audited Total equity (R'000) |
|--|-------------------------------------|--|--|--|---|---------------------------------------|
| Balance at 1 March 2016 | 625 000 | (4 994) | 620 006 | 180 412 | 4 826 | 805 244 |
| Profit for the period | - | - | - | - | 95 196 | 95 196 |
| Costs associated with issue of shares | - | (88) | (88) | - | - | (88) |
| Dividend distributions to owners of company recognised directly in equity | - | - | - | - | (24 999) | (24 999) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | (88) | (88) | - | (24 999) | (25 086) |
| Balance at 1 March 2017 | 625 000 | (5 082) | 619 918 | 180 412 | 75 024 | 875 354 |
| Profit for the period | - | - | - | - | 79 786 | 79 786 |
| Dividend distributions to owners of company recognised directly in equity | - | - | - | - | (51 212) | (51 212) |
| Balance at 28 February 2018 | 625 000 | (5 082) | 619 918 | 180 412 | 103 598 | 903 928 |

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Audited 28 February 2018 (R'000) | Audited 28 February 2017 (R'000) |
|---|---|---|
| Cash flows from operating activities | | |
| Cash generated from operations | 96 000 | 64 967 |
| Finance income | 1 884 | 3 316 |
| Finance costs | (45 639) | (26 191) |
| Net cash from operating activities | 52 245 | 42 092 |
| Cash flows from investing activities | | |
| Purchase of furniture and fixtures | (2 578) | (1 509) |
| Acquisition of Investment property | - | (229 032) |
| Acquisition of investment in subsidiary | - | 1 183 |
| Net cash from investing activities | (2 578) | (229 358) |
| Cash flows from financing activities | | |
| Costs associated with share issue | - | (88) |
| Dividends paid | (51 212) | (24 999) |
| Bank borrowings advanced | - | 230 882 |
| Bank borrowings repaid | (47 481) | - |
| Net cash from financing activities | (98 693) | 205 795 |
| Total cash and cash equivalent movement for the period | (49 026) | 18 529 |
| Cash and cash equivalents at beginning of period | 50 746 | 32 217 |
| Total cash and cash equivalents at end of period | 1 720 | 50 746 |
| Additional info on cash flow: | | |
| Cash generated from operations before working capital changes | 94 562 | 72 890 |
| Working capital changes | 1 438 | (7 923) |
| Cash generated from operations | 96 000 | 64 967 |

SIGNIFICANT FINANCIAL STATEMENT NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The summarised audited consolidated financial statements were compiled by Dries Ferreira, the financial director.

The directors are not aware of any matters or circumstances arising subsequent to the year-end that require any additional disclosure or adjustment to the financial statements.

The provisional summarised audited consolidated financial statements for the twelve months ended 28 February 2018 have been extracted from audited information but are not themselves audited. The directors of Newpark take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying audited consolidated financial statements. The annual financial statements were audited by PricewaterhouseCoopers Inc. and an unmodified audit opinion has been issued on the audited consolidated financial statements for the financial year ended 28 February 2018. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying audited consolidated financial statements, both of which are available for inspection at Newpark's registered office.

2. SEGMENTAL ANALYSIS

Segmental information

At 28 February 2018, the group is organised into three main operating segments:

- Mixed use
- Office
- Industrial

| 28 February 2018 | Mixed use (R'000) | Office (R'000) | Industrial (R'000) | General (R'000) | Total (R'000) |
|-----------------------------|------------------------------|---------------------------|-------------------------------|----------------------------|--------------------------|
| Revenue | 49 108 | 56 568 | 30 773 | – | 136 450 |
| Property operating expenses | (23 286) | – | (3 285) | – | (26 571) |
| Administrative expenses | – | – | – | (6 177) | (6 177) |
| Fair value adjustments | (24 464) | 42 548 | 7 299 | (7 972) | 17 411 |
| Operating profit | 1 358 | 99 116 | 34 788 | (14 149) | 121 113 |

| 28 February 2017 | Mixed use (R'000) | Office (R'000) | Industrial (R'000) | General (R'000) | Total (R'000) |
|-----------------------------|------------------------------|---------------------------|-------------------------------|----------------------------|--------------------------|
| Revenue | 52 565 | 56 592 | 506 | - | 109 663 |
| Property operating expenses | (22 699) | - | - | - | (22 699) |
| Administrative expenses | - | - | - | (3 096) | (3 096) |
| Fair value adjustments | 16 768 | 19 244 | 1 969 | (3 777) | 34 203 |
| Operating profit | 46 634 | 75 836 | 2 475 | (6 873) | 118 071 |

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.

| 28 February 2018 | Mixed use (R'000) | Office (R'000) | Industrial (R'000) | General (R'000) | Total (R'000) |
|-----------------------------|------------------------------|---------------------------|-------------------------------|----------------------------|--------------------------|
| Investment property | 464 748 | 574 151 | 222 867 | – | 1 261 766 |
| Straight-line asset | 252 | 77 999 | 21 733 | – | 99 984 |
| Lease incentive | – | 19 850 | – | – | 19 850 |
| Trade and other receivables | 6 182 | – | – | – | 6 182 |
| Receiver of revenue | – | – | 2 273 | – | 2 273 |
| Cash and cash equivalents | – | – | – | 1 720 | 1 720 |
| | 471 182 | 672 000 | 246 873 | 1 720 | 1 391 775 |

| 28 February 2017 | Mixed use (R'000) | Office (R'000) | Industrial (R'000) | General (R'000) | Total (R'000) |
|---------------------------|------------------------------|---------------------------|-------------------------------|----------------------------|--------------------------|
| Investment property | 487 773 | 531 603 | 214 870 | - | 1 234 246 |
| Straight-line lease asset | 3 727 | 67 901 | 16 130 | - | 87 758 |
| Lease incentive | - | 22 496 | - | - | 22 496 |
| Trade & other receivables | 3 562 | - | 1 272 | - | 4 834 |
| Cash & cash equivalents | - | - | - | 50 746 | 50 746 |
| | 495 062 | 622 000 | 232 272 | 50 746 | 1 400 080 |

The amounts provided to EXCO with respect to total liabilities are measured in a manner consistent with that in the statement of financial position. These liabilities are allocated based on the operations of the segment.

| 28 February 2018 | Mixed use (R'000) | Office (R'000) | Industrial (R'000) | General (R'000) | Total (R'000) |
|----------------------------------|------------------------------|---------------------------|-------------------------------|----------------------------|--------------------------|
| Bank borrowings | – | – | – | 453 400 | 453 400 |
| Derivative financial instruments | – | – | – | 11 050 | 11 050 |
| Trade and other payables | 3 398 | 19 206 | 19 | 774 | 23 397 |
| | 3 398 | 19 206 | 19 | 465 224 | 487 847 |

28 February 2017

| | Mixed use (R'000) | Office (R'000) | Industrial (R'000) | General (R'000) | Total (R'000) |
|----------------------------------|----------------------|-------------------|-----------------------|--------------------|------------------|
| Bank borrowings | - | 270 000 | 230 882 | - | 500 882 |
| Derivative financial instruments | - | 3 078 | - | - | 3 078 |
| Trade and other payables | 2 002 | 15 755 | 1 667 | 1 188 | 20 611 |
| Receiver of revenue | - | - | 155 | - | 155 |
| | 2 002 | 288 833 | 232 704 | 1 188 | 524 726 |

Reconciliation of headline earnings to distributable earnings:

| | 12 months ended 28 February 2018 (R'000) | 12 months ended 28 February 2017 (R'000) |
|---|---|---|
| Distributable income reconciliation | | |
| Headline earnings | 54 403 | 57 216 |
| Adjusted for: | | |
| Change in fair value of investment property as a result of amortisation of straight-line lease assets | (12 226) | (14 078) |
| Change in fair value of investment property as a result of amortisation of lease incentive | 2 647 | 2 647 |
| Net change in fair value of financial instruments at fair value through profit or loss | 7 972 | 3 777 |
| Profit attributable to shareholders | 52 796 | 49 562 |
| Actual number of ordinary shares in issue ('000) | 100 000 | 100 000 |
| Distributable income per share (cents per share) | | |
| From continuing operations (cents per share) | 52,80 | 49,56 |
| Interim dividend (cents per share) | 26,65 | 25,00 |
| Final dividend (cents per share) | 26,15 | 24,56 |

3. Investment properties

For the year under review the property value includes movement made up of the increase in straight lining of the lease assets and the decrease in lease incentives as well as additions and depreciation relating to furniture and fixtures.

| | 28 February 2018 (R'000) | | | 28 February 2017 (R'000) | | |
|------------------------|-----------------------------|-----------------------------|-------------------|-----------------------------|-----------------------------|-------------------|
| | Cost/ Valuation | Accumulated depreciation | Carrying value | Cost/ Valuation | Accumulated depreciation | Carrying value |
| Investment property | 1 259 518 | - | 1 259 518 | 1 231 629 | - | 1 231 629 |
| Furniture and fittings | 3 911 | (1 663) | 2 249 | 3 839 | (1 222) | 2 617 |
| Total | 1 263 429 | (1 663) | 1 261 766 | 1 235 469 | (1 222) | 1 234 246 |

Reconciliation of investment properties – 28 February 2018

| | Opening balance | Additions | Fair value adjustments | Depreciation | Closing balance |
|------------------------|------------------|--------------|---------------------------|--------------|--------------------|
| Investment property | 1 231 629 | 2 505 | 25 383 | - | 1 259 518 |
| Furniture and fixtures | 2 617 | 72 | - | (440) | 2 249 |
| Total | 1 234 246 | 2 578 | 25 383 | (440) | 1 261 766 |

Reconciliation of investment properties - 28 February 2017

| | Opening balance | Additions & Improvements | Fair value adjustments | Depreciation | Closing balance |
|------------------------|--------------------|-----------------------------|---------------------------|--------------|--------------------|
| Investment property | 980 747 | 212 902 | 37 980 | - | 1 231 629 |
| Furniture and fixtures | 1 561 | 1 509 | - | (453) | 2 617 |
| Total | 982 308 | 214 411 | 37 980 | (453) | 1 234 246 |

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.

| | 28 February 2018 (R'000) | 28 February 2017 (R'000) |
|---|--------------------------------|--------------------------------|
| JSE Building | | |
| Portion 25 of Erf 7 Sandown Johannesburg, South Africa | | |
| -Purchase price | 18 070 | 18 070 |
| -Fair value adjustment | 556 081 | 513 533 |
| -Straight-line of lease asset | 77 999 | 67 901 |
| -Lease-incentive | 19 850 | 22 496 |
| | 672 000 | 622 000 |
| 24 Central | | |
| Portion 20 of Erf 7 Sandton Township, registration division IR, Province of Gauteng | | |
| -Purchase price | 238 000 | 238 000 |
| -Fair value adjustment | 221 274 | 245 738 |
| -Straight-line of lease asset | 252 | 3 727 |
| -Net capitalised expenditure | 5 474 | 4 035 |
| | 465 000 | 491 500 |
| Linbro Park | | |
| Portion 3 of Erf 9 Frankenwald Ext3 Johannesburg, South Africa | | |
| -Purchase price | 127 858 | 127 858 |
| -Fair value adjustment | 4 562 | 1 573 |
| -Straight-line of lease asset | 18 482 | 15 569 |
| -Net capitalised expenditure | 698 | - |
| | 151 600 | 145 000 |
| Crown Mines | | |
| Erven 1 and 2 Crown City Extension 1 | | |
| -Purchase price | 85 044 | 85 044 |
| -Fair value adjustment | 4 705 | 395 |
| -Straight-line of lease asset | 3 251 | 560 |
| | 93 000 | 86 000 |
| Fair value of investment property for accounting purposes | | |
| Opening fair value of property assets | 1 344 500 | 1 065 000 |
| Gross fair value adjustment on investment property | 25 383 | 37 980 |
| Additions to furniture & fittings | 2 578 | 1 509 |
| Depreciation | (440) | (453) |
| Acquisition of investment property | - | 212 902 |
| Acquisition of straight-line assets | - | 16 130 |
| Straight-line lease asset and lease incentive movement | 9 579 | 11 433 |
| Property valuation | 1 381 600 | 1 344 500 |
| Less: straight-line lease income adjustment | (99 984) | (87 758) |
| Less: lease incentive receivable | (19 850) | (22 496) |
| Closing fair value of property assets | 1 261 766 | 1 234 246 |

Securities

Mortgage bonds at a nominal value amounting to R500 000 000 (February 2017: R500 881 700) -have been registered over investment properties with a fair value of R1 261 766 278 (February 2017: R1 016 758 947) as security for interest bearing liabilities.

Details of valuation

The properties were valued on 28 February 2018 using the discounted cash flow of future income streams method. The valuations 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 28 February 2018, the key assumptions and unobservable inputs used by the company in determining fair value were as follows:

These assumptions are based on current market conditions.

| | Mixed use | Office | Industrial |
|--------------------------|------------------|---------------|-------------------|
| Discount rate | 14,50% | 14,25% | 15,00% |
| Exit capitalisation rate | 9,00% | 8,50% | 9,79% |
| Capitalised rate | 8,50% | 8,25% | 8,60% |

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 m² against comparative sales of similar properties in similar locations. Amongst other factors, the capitalisation rate estimation considers the quality of the property, its location, the tenants' credit quality and their lease terms.

Inter-relationship between key unobservable inputs and fair value measurements:

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

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

4. Earnings per share

| | Audited 12 months ended 28 February 2018 (R'000) | Audited 12 months ended 28 February 2017 (R'000) |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to shareholders | 79 786 | 95 196 |
| Weighted average number of ordinary shares in issue ('000) | 100 000 | 100 000 |
| | 79,79 | 95,20 |
| Basic earnings per share (cents per share) | | |
| Diluted earnings per share | | |
| Profit attributable to shareholders | 79 786 | 95 196 |
| There are no dilutive instruments in issue | | |
| Weighted average number of ordinary shares in issue ('000) | 100 000 | 100 000 |
| | 79,79 | 95,20 |
| Basic diluted earnings per share (cents per share) | | |
| Headline earnings per share | | |
| Profit attributable to shareholders | 79 786 | 95 196 |
| Adjusted for: | | |
| Change in fair value of investment property and tax thereof | (25 383) | (37 980) |
| | 54 403 | 57 216 |
| Weighted average number of ordinary shares in issue ('000) | 100 000 | 100 000 |
| | 54,40 | 57,22 |
| Headline earnings per share (cents per share) | | |

5. Payment of final dividend

The board has approved and notice is hereby given of the final gross dividend of 26,14584 cents per share for the six months ended 28 February 2018. The interim dividend paid on 6 November 2017 amounted to 26,64973 cents per share.

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

| | 2018 |
|---|--------------------|
| Last date to trade <i>cum</i> dividend: | Tuesday, 12 June |
| Shares trade <i>ex</i> dividend: | Wednesday, 13 June |
| Record date: | Friday, 15 June |
| Payment date: | Monday, 18 June |

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 June 2018 and Friday, 15 June 2018, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/broker accounts on Monday, 18 June 2018. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 18 June 2018.

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

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

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

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

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any dividends received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 20.91667 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder, has submitted the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

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

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

Shares in issue at the date of declaration of dividend: 100,000,001
Newpark's income tax reference number: 9114003149.

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. Related parties

| | GROUP 28 February 2018 (R'000) | GROUP 28 February 2017 (R'000) |
|--|---|---|
| Professional services – Capensis Real Estate (Pty) Ltd (SP Fifield director) | 1 129 | - |
| Professional services – WellCapital (Pty) Ltd (JAI Ferreira director) | 448 | 200 |

By order of the board.

Simon Fifield
Chief Executive Officer

Dries Ferreira
Financial Director

Johannesburg
23 May 2018

DIRECTORS

G D Harlow (Chairman) **, S P Fifield (Chief Executive Officer), JAI Ferreira (Financial Director), B D van Wyk *, D T Hirschowitz*, K M Ellerine*, H C Turner **, D I Sevel **, S Shaw-Taylor**

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

REGISTERED OFFICE

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

WEBSITE

www.newpark.co.za

COMPANY SECRETARY

CIS Company Secretaries Proprietary Limited

TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited

DESIGNATED ADVISOR

Java Capital