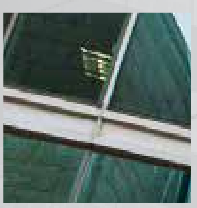
Newpark



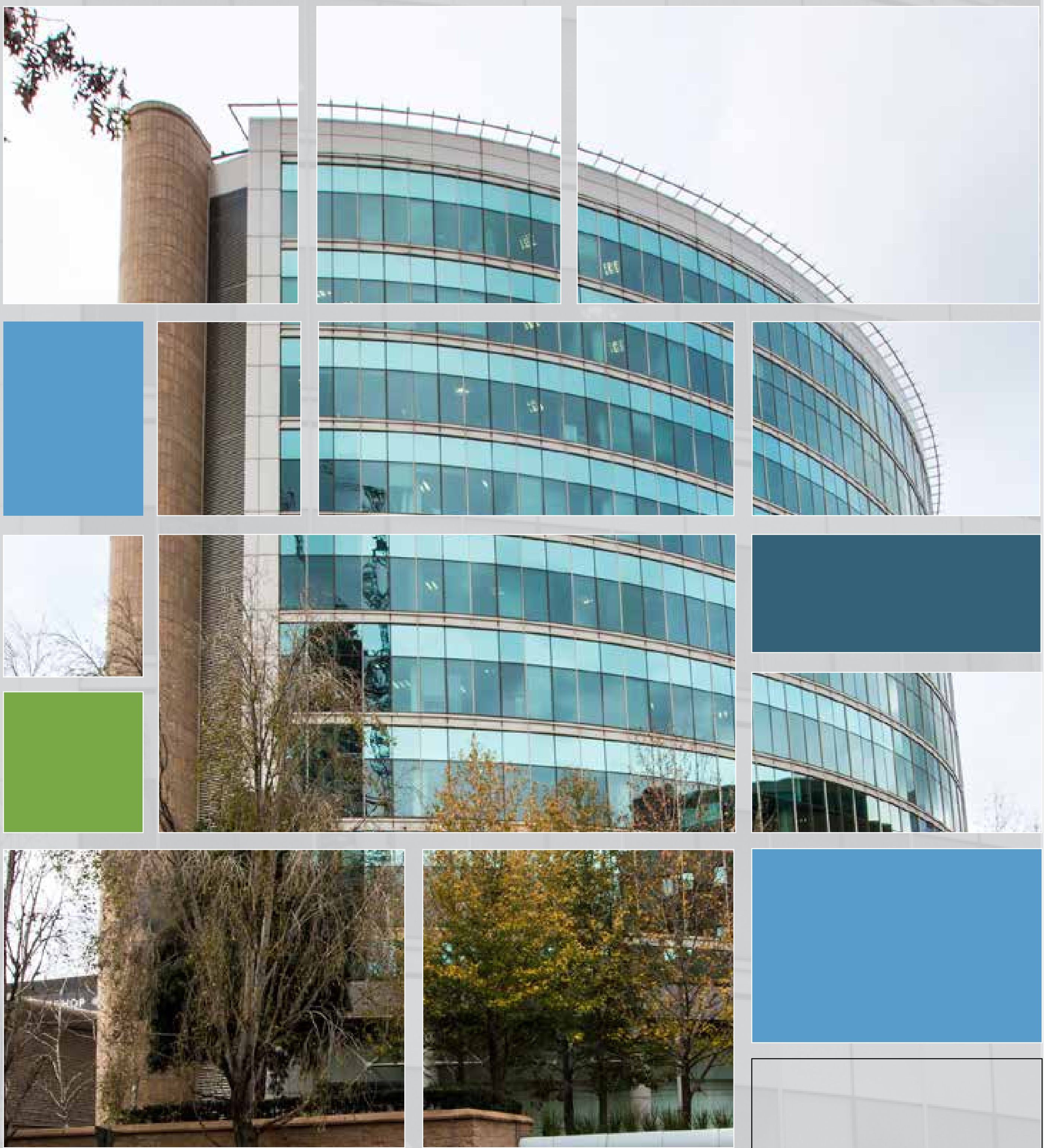
INTEGRATED REPORT


2021


CONTENTS

The consolidated financial statements have been audited by independent auditors.



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 761m² GLA

R1,37 billion portfolio

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

FINANCIAL HIGHLIGHTS

for the year ended 28 February 2021

Shares in issue	100 000 001
Net asset value per share	R8,85
Loan-to-value ratio *	34,6%
Gross property operating expense ratio	20,4%
Gross administrative expenses ratio	4,9%

* *The loan-to-value ratio is calculated by dividing interest-bearing borrowings (including derivative instruments) 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 sixth integrated report for the year ended 28 February 2021.

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™");
- Consideration of certain principles contained in the IIRC's Integrated Reporting Framework; and
- SA REIT Association Best Practice guidance.

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 independent non-executive chairperson is Stewart Shaw-Taylor.

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.

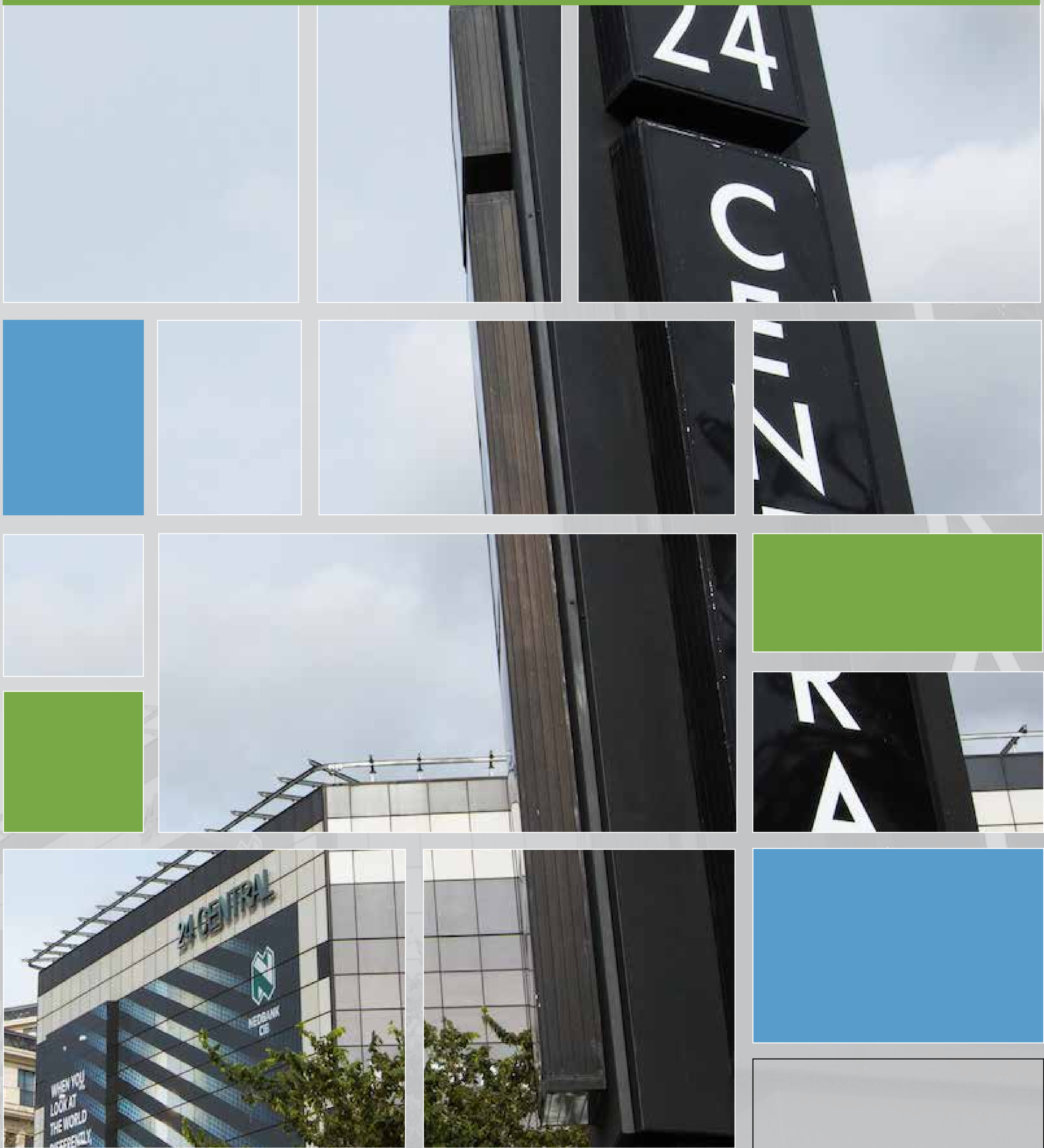
STATEMENT OF RESPONSIBILITY

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	Simon Fifield	Howard Turner
Chairperson	*CEO*	*Chairperson audit and risk committee*

GROUP OVERVIEW



Newpark currently holds a R1,37 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.

GOVERNANCE STRUCTURE

The governance structures, as at 18 May 2021, 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.

Newpark REIT board

Non-executive directors
Dionne Hirschowitz
Kevin Ellerine
Barry van Wyk

Independent non-executive directors
Stewart Shaw-Taylor *(Chairperson)*
Thando Sishuba *(appointed 8 October 2020)*
Howard Turner

Executive directors
Simon Fifield *(CEO)*
Dries Ferreira *(FD)*

Investment committee
Stewart Shaw-Taylor *(Chairperson)*
Barry van Wyk
Dionne Hirschowitz
Kevin Ellerine

Remuneration committee
Dionne Hirschowitz *(Chairperson)*
Barry van Wyk
Howard Turner

Social and ethics committee
Howard Turner *(Chairperson)*
Kevin Ellerine
Barry van Wyk

Audit and risk committee
Howard Turner *(Chairperson)*
Thando Sishuba
Stewart Shaw-Taylor

Newpark currently holds a

R1,37 billion

portfolio and is looking to acquire more assets

GROUP AND OPERATIONAL STRUCTURE

Newpark REIT Limited

Newpark Towers Proprietary Limited (100% ownership)
- JSE Building
- 24 Central

I.M.P. Properties Proprietary Limited (100% ownership)
- Linbro Park Property*
- Crown Mines Property*

* *Properties held through wholly-owned subsidiaries*

PORTFOLIO OVERVIEW

SECTORAL PROFILE

	Based on GLA %	Based on gross rental %	Vacancy profile based on GLA %	GLA m²
Mixed use (office and retail)	22,5	15,6	8,4	13 007.7
Office	31,4	56,1	–	18 163,0
Industrial	41,0	26,1	–	23 664,0
Storage	5,1	2,2	5,1	2 926,5
	100,0	100,0	13,5	57 761,2

	GLA m²	Tenant profile based on GLA %
A	46 608,50	80,7
B	1 508,83	2,6
C	1 840,74	3,2
Vacant	7 803.21	13,5
	57 761,28	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, TLS South Africa Trading Proprietary Limited (UK and Belgian Visa), CCI South Africa Proprietary Limited, Hellermann Tyton and Bidvest.

B-grade tenants include:

National tenants, smaller listed tenants, franchisees and medium to large professional firms. These are Solo, News Café, Lexi's Healthy Eatery and Urban Crust.

C-grade tenants include:

Other local tenants and sole proprietors. These are Club Sublime CC (Taboo), Juju Lounge CC (Cocoon/BOA), ATM Solutions Proprietary Limited and AU999 Commodities.

LEASE EXPIRY PROFILE

Unaudited

GLA	TOTAL m²	Mixed use m²	Office m²	Industrial m²	Storage m²
Vacant	7 803,21	4 876,67	–	–	2 926,54
Feb 2022	2 820,44	2 820,44	–	–	–
Feb 2023	–	–	–	–	–
Feb 2024	528,63	528,63	–	–	–
Feb 2025	13 422,00	1 035,00	–	12 387,00	–
Feb 2026	18 675,00	512,00	18 163,00	–	–
> Feb 2026	14 512,00	3 235,00	–	11 277,00	–

Gross rental as a percentage of total gross income	TOTAL %	Mixed use %	Office %	Industrial %	Storage %
Vacant	8,1	5,9	–	–	2,2
Feb 2022	3,6	3,6	–	–	–
Feb 2023	–	–	–	–	–
Feb 2024	1,0	1,0	–	–	–
Feb 2025	18,2	1,0	–	17,2	–
Feb 2026	57,3	1,2	56,1	–	–
> Feb 2026	11,8	2,9	–	8,9	–

SEGMENT ANALYSIS

Property name	Physical address	Sector	Weighted average rental per m² (R/m²)	Rentable area (GLA) m²	Vacancy (% of group rentable area)	Valuation as at 28 February 2021 R'000
JSE Building	One Exchange Square, 2 Gwen Lane, Sandown, 2196	Office	*	18 163,00	–	**716 000**
24 Central	6 Gwen Lane, Sandown, 2196	Mixed use (office and retail) and storage	95,32	15 934,28	13,5	**404 000**
Linbro Park	Portion 3 and 4 of Erf 9 Frankenwald Extension	Industrial	*	12 387,00	–	**148 000**
Crown Mines	Erven 1 and 2 Crown City Extension 1	Industrial	*	11 277,00	–	**106 000**
Total			**159,21**	**57 761,28**	**13,5**	**1 374 000**

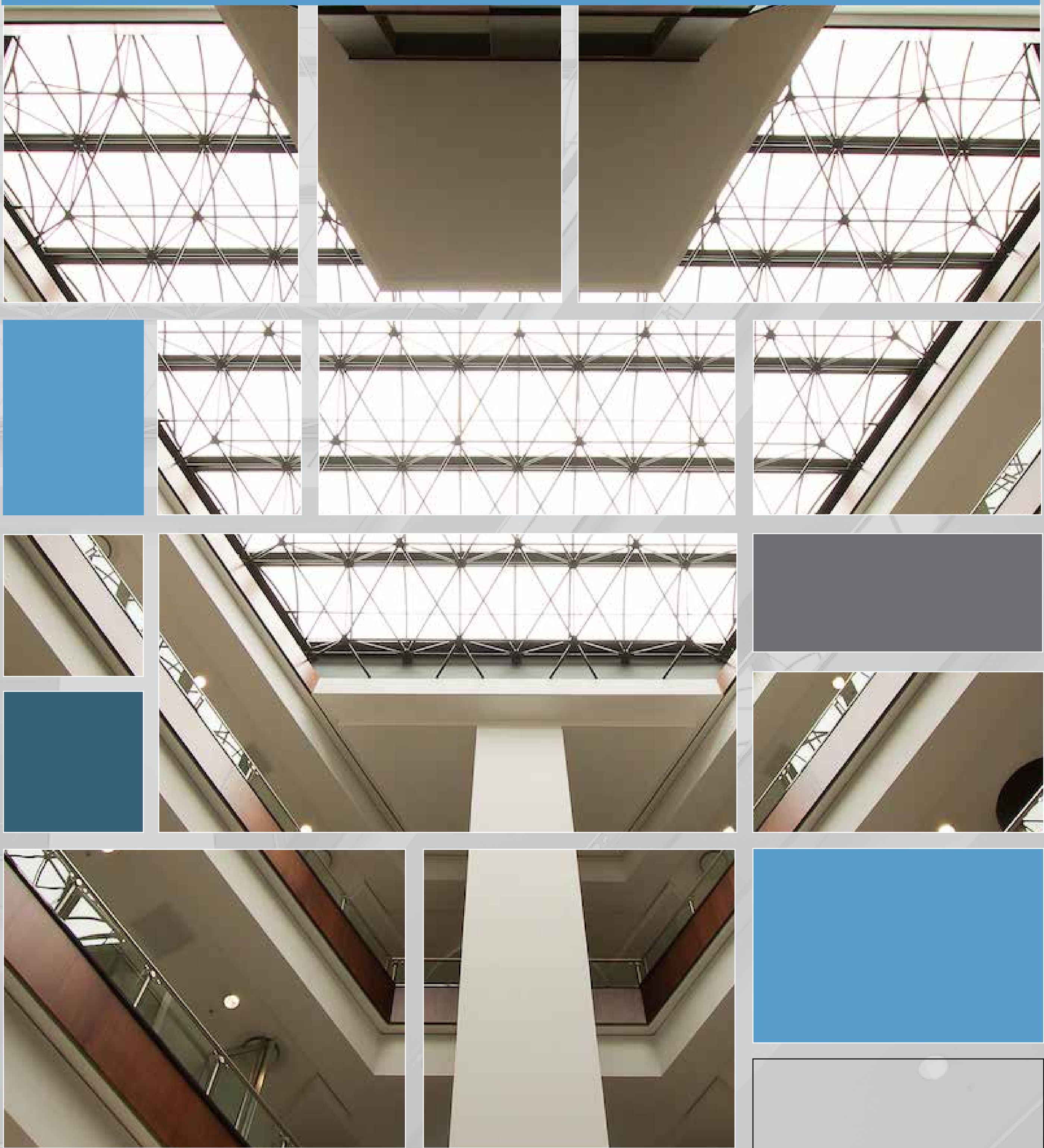
** As the JSE Building, Linbro Park and Crown Mines are single tenanted buildings in the property portfolio, the weighted average rental per m² as at 28 February 2021 has been included in the weighted average rental per m² for the group.*

The properties were valued at 28 February 2021 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 7,88% at 28 February 2021.

STRATEGIC OVERVIEW



OUR BUSINESS MODEL

How Newpark creates value

	INPUTS		OUTPUTS
FINANCIAL CAPITAL			
	Equity	R876 million	Income and capital growth for shareholders
	Long- and short-term borrowings	R450 million	
	Funds from operations for the year ended 28 February 2021	R40 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 stay abreast of SA REIT best practice guidelines
Communities	▪ Socio-economic development ▪ Environmental impact and the environment	▪ Regular evaluation of the group's impact on society	▪ Management ▪ Property managers ▪ Executives

LEADERSHIP AND GOVERNANCE

CHAIRPERSON AND CEO REPORT

It is our pleasure to present Newpark's sixth 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 backseat 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.

We welcomed Thando Sishuba to our board of directors during October 2020, and look forward to benefitting from his wisdom and considerable experience in the years ahead.

It was with extremely heavy hearts that we learned of the passing of our chairman, Marc Wainer, on 20 April 2020. Larger than life, and a friend and mentor to so many of us, Marc's death has left a void that will not be filled. He is deeply missed.

INVESTMENT STRATEGY

Whilst Newpark's mandate is relatively broad, the focus remains on securing property assets that deliver strong underlying cash flows. Three of Newpark's four assets are buildings that are let to single tenants of good credit quality on secure leases. This provides a high degree of stability to Newpark's cash flows, 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, supplemented with some additional 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 was devastating.

RESULTS

Newpark's balance sheet continues to remain financially healthy with a satisfactory gearing level of 34,6% (2020: 33,3%). The COVID-19 market disruption has impacted investment property valuations resulting in a net R9 million decrease in fair value.

The group's vacancies increased during the period to 13,5% (FY2020: 12,1%), negatively impacted by the effects of COVID-19 restrictions on the retail component of 24 Central. Revenue for the financial year ended 28 February 2021 ("**the financial year**") was R111,8 million (down 12,1%), and operating profit before fair value adjustments was R82,9 million (down 7,0%). After allowing for fair value adjustments and the net cost of finance, the total comprehensive profit for the financial year was R17,09 million (up 40,5%), representing a profit of 17,089 cents per share ("**cps**") (F2020: 12,16 cps). The total dividends for the financial year of 39,88 cps (FY2020: 40,06 cps) represent a marginal year-on-year decrease of 0,4%.

This performance has been achieved against the backdrop of R10,7 million in COVID-19 tenant relief granted during the year. This impacted directly on the profitability of the group as well as its funds from operations per share ("**FFOPS**"). The majority of this relief was to tenants in the mixed-use property.

Other than the loss of certain tenants in the mixed-use segment, the tenant profile has remained largely the same.

The majority of the tenants have leases that are renewable in 2025 and 2026 such that more than 80% of the leases will mature after the impact of COVID-19 has likely dissipated.

Funds from operations ("**FFO**") for the financial year decreased by 10,7% to 39,88 cps (FY2020: 44,65 cps).

The board declared a final dividend of 20,25025 cps (interim dividend: 19,63100 cps). The total dividend for the financial year is 39,88 cps (100% of FFO) and represents a decrease of 0,4% over the 40,06 cps declared in the prior year (89,7% of FFO).

Funds from operations per share

As a supplementary performance measure, the group uses FFOPS. FFOPS 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 FFOPS performance measure, a reconciliation is provided below.

Funds from operations

	2021 R'000	2020 R'000
Profit per IFRS statement of comprehensive income (SOCI) attributable to the parent	**17 086**	12 156
Adjusted for:		
Accounting/specific adjustments:	**9 173**	24 550
Fair value adjustments to:		
– Investment property	**6 510**	25 772
– Straight-lining operating lease adjustment	**2 663**	(1 222)
Foreign exchange and hedging items:	**13 622**	7 948
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**13 622**	7 948
FFO	**39 881**	44 654
Number of shares outstanding at end of period (net of treasury shares)	**100 000**	100 000
FFOPS	**39,88**	44,65
Dividend per share	**39,88**	40,06*
– Interim dividend	**19,63**	24,32
– Final dividend	**20,25**	15,74

** The quantum of the final dividend declaration for the 2020 financial period was reduced by an amount of R4,6 million, resulting in the total dividend for the financial year representing 89,7% of the FFO.*

FUNDING

A refinance of Newpark's facilities was carried out in February 2021, aligning the funding 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 collar.

PORTFOLIO PERFORMANCE

Newpark is fortunate that three of its four assets are let to single tenants of good standing. This has served the business well during a period of challenging economic conditions. 24 Central, which is a multi-tenanted office building in Sandton, has undergone a revamp of the building entrances in the midst of high vacancies in both the broader Sandton node and the building itself. Subsequent to the upgrade, we have seen an increase in interest from new tenants, which is encouraging and substantiates the decision. The portfolio vacancy of 13,5% (by GLA), can be entirely attributed to 24 Central and significant effort continues to go into remedying 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. This philosophy encompasses the financial performance and risk management of the group, which it strictly adheres to, and importantly 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 are proposing 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 growing their business in a meaningful manner.

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 Newpark's solid base is maintained, the group is well-positioned to capitalise on opportunities that are likely to present themselves in a suppressed real estate market.

The board is mindful of the current weak economic environment and how this may impact our tenants, specifically in the mixed-use (retail, office and storage) segment and the industrial segment. Notwithstanding this, and on the assumption of no further material relief granted to tenants due to ongoing COVID-19 restrictions, the group is budgeting for growth in FFOPS for the year ending 28 February 2022 of in excess of 15%, being at least 45,86 cents per share compared to the FFOPS for the year ended 28 February 2021 of 39,88 cents per share. Newpark expects a corresponding increase in the dividend per share for the year ending 28 February 2022.

The forecast is based on the assumption that no further deterioration in the 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.

APPRECIATION

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 (45)
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 (43)
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 (68)
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.

Thanduxolo Selby SISHUBA (50)
Independent non-executive director

Master of Science, Harvard AMDP

Appointed: 8 October 2020

Thando has a Bachelor of Science Honours Degree and a Masters degree and has extensive experience in property asset management. He is currently the Head of Sanlam SA Direct Properties and gained his experience from serving as a director on a number of boards and committees, including Texton Property Fund and the Pivotal Property Fund.

INDEPENDENT NON-EXECUTIVE DIRECTORS continued

Howard Charles TURNER (78)
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

Dionne Traci HIRSCHOWITZ (née Ellerine) (53)
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 (52)
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 (55)
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™. All directors are fully conversant with best practice and current thinking with regard to corporate governance.

All directors were 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 in relation to the composition of the audit and risk committee. This was as a result of the compulsory restructuring of the board of directors following the death of Marc Wainer, the chairperson of the board of directors.

THE BOARD

Members

Executive directors

Simon Fifield (CEO)

Dries Ferreira (FD)

Independent non-executive directors

Stewart Shaw-Taylor (Chairperson)

Howard Turner

Thando Sishuba – appointed 8 October 2020

Non-executive directors

Dionne Hirschowitz

Kevin Ellerine

Barry van Wyk

Newpark's board comprises two executive directors and six non-executive directors, of whom three are independent. The responsibilities of the independent chairperson, the CEO, and the remaining independent non-executive, non-executive and executive directors, 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.
- Appointing of the financial director.
- 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 three 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 28 February 2021

	Date of meeting				
Name	**19 May 2020**	**14 Jul 2020**	**6 Oct 2020**	**22 Jan 2021**	**Total**
Executive directors					
SP Fifield	√	√	√	√	**4/4**
JAI Ferreira	√	√	√	√	**4/4**
Non-executive directors					
S Shaw-Taylor *(Chairperson)*	√	√	√	√	**4/4**
KM Ellerine	√	√	√	√	**4/4**
DT Hirschowitz	√	√	√	√	**4/4**
TS Sishuba [1]	n/a	n/a	n/a	√	**1/1**
HC Turner	√	√	√	√	**4/4**
BD van Wyk	√	√	√	√	**4/4**

[1] *Appointed 8 October 2020.*

AUDIT AND RISK COMMITTEE

Members: Howard Turner (Chairperson), Dionne Hirschowitz, Barry van Wyk, Thando Sishuba and Stewart Shaw-Taylor

Stewart Shaw-Taylor resigned from the audit and risk committee following his appointment as chairperson of the board on 19 May 2020, in alignment with King IV™ recommended practice. Due to the limited number of independent non-executive directors on the board, Stewart was re-appointed to the audit and risk committee on 20 July 2020, in compliance with section 94(4) of the Companies Act relating to the independence criteria requirement for members of the audit and risk committee.

Thando Sishuba was appointed as a member of this committee, effective 8 October 2020.

On 18 May 2021, Barry van Wyk and Dionne Hirschowitz resigned as members of the audit and risk committee.

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 2020 to 28 February 2021 is outlined below.

Newpark audit and risk committee meeting attendance register for the year ended 28 February 2021

	Date of meeting				
Name	19 May 2020	31 Jul 2020	6 Oct 2020	22 Jan 2021	Total
HC Turner *(Chairperson)*	√	√	√	√	**4/4**
DT Hirschowitz	√	√	√	√	**4/4**
S Shaw-Taylor	√	√	√	√	**4/4**
TS Sishuba [1]	n/a	n/a	n/a	√	**1/1**
BD van Wyk	√	√	√	√	**4/4**

[1] *Appointed 8 October 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.

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. 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: Barry van Wyk, Dionne Hirschowitz, Kevin Ellerine and Stewart Shaw-Taylor (Chairperson)

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

Stewart Shaw Taylor 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 6 May 2020, 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 14 July 2020, 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 93 991 492 votes that were presented/represented at the annual general meeting, being 93,99% 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 2021 financial year, please refer to note 31 to the financial statements.

The proposed emoluments of the non-executive directors for the 2022 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 31 to the financial statements.

Non-executive directors' fees for the year ended 28 February 2021 and the proposed fees for 2022, which remain unchanged, are set out below:

	Directors' annual fees	
Position	**2021 Actual R**	**2022 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

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 fourth scorecard assessment during the 2021 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 third scorecard assessment measures the group as a Non-Compliant 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 FY2021

	2021		2020	
Element	**Weighting**	**Score**	**Weighting**	**Score**
Ownership	**30**	**–**	30	–
Management control	**9**	**–**	9	–
Enterprise and supplier development	**39**	**3,71**	39	2,56
Socio-economic development	**2**	**–**	2	–
Economic development	**5**	**–**	5	–
Overall score	**85**	**3,71**	**85**	**2,56**
Adjusted for REIT	**132/94x3,71**	**5,21**	**132/94x2,56**	**3,59**

Meeting attendance

Attendance at social and ethics committee meetings by the directors during the period 1 March 2020 to 28 February 2021 is outlined below.

Newpark social and ethics committee meeting attendance for the year ended 28 February 2021

	Date of meeting	
Name	**6 Oct 2020**	**Total**
HC Turner *(Chairperson)*	√	**1/1**
KM Ellerine	√	**1/1**
BD van Wyk	√	**1/1**

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. During the current financial period one addition was made to the board to improve the race composition.

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

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 trading restrictions 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 2021

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. The 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, the board assesses 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. The board also decides on the optimum combination of executive, non-executive and independent non-executive members. Prospective members of the board are independently and thoroughly assessed. The Newpark board considers this present mix of two executive directors, three non-executive directors and three independent non-executive directors as appropriate for the group.
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.

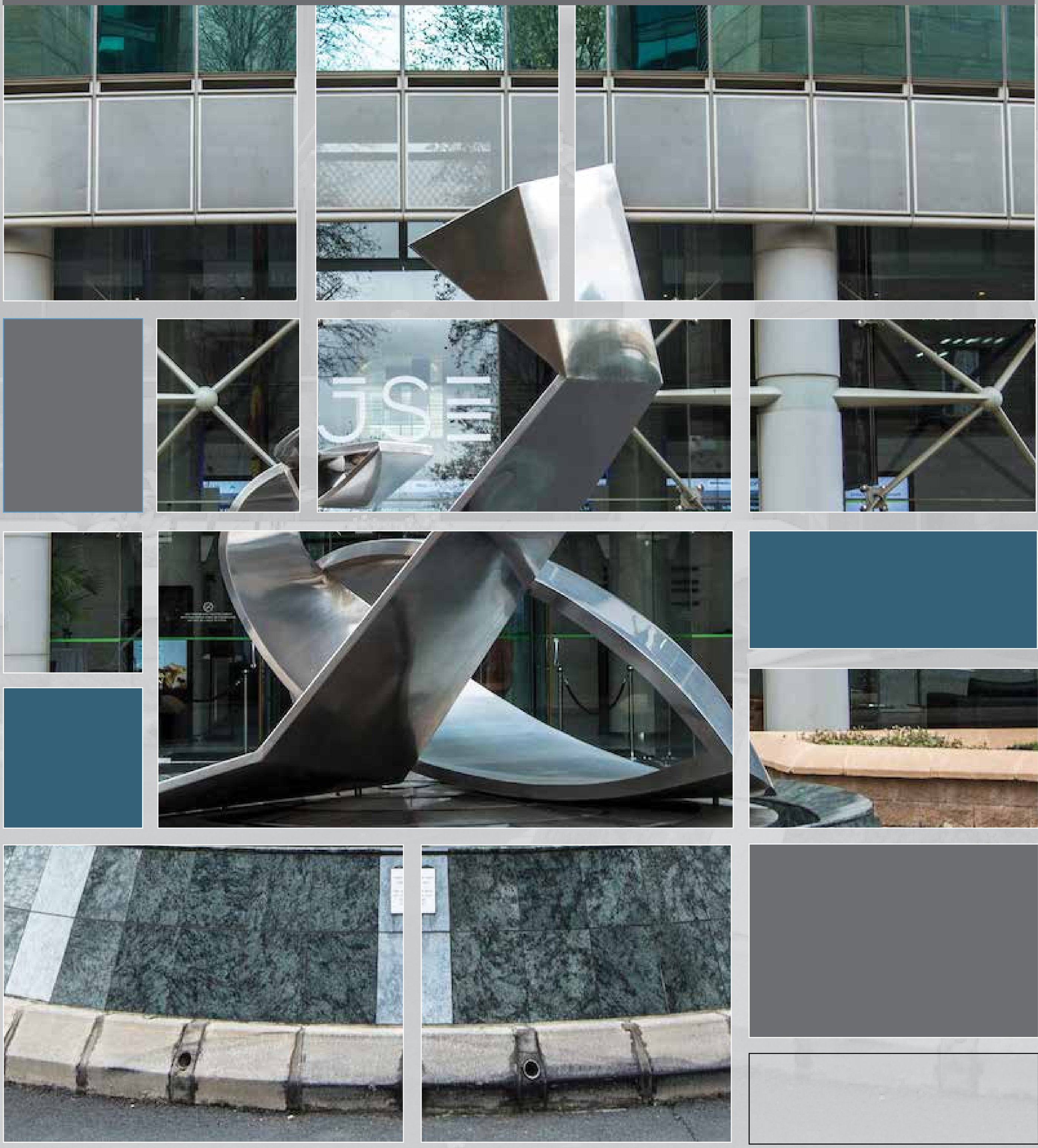
King IV™ principle	Application
PRINCIPLE 9: Performance evaluations The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The board determines its 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 sub-committees 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™ APPLICATION REGISTER 2021

continued

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 and information 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



INDEX

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.

STATEMENT BY THE CEO AND FINANCIAL DIRECTOR

In compliance with paragraph 3.84(k) of the JSE Listings Requirements

The directors, whose names are stated below, hereby confirm that –

(a) the annual financial statements set out on pages 37 to 105, fairly present in all material respects the financial position, financial performance and cash flows of Newpark in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to Newpark and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Signed by the CEO and the Financial Director

Simon Fifield
CEO

Dries Ferreira
Financial director

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 2022 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 next 12 months.

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 45 to 48.

The financial statements set out on pages 49 to 105, which have been prepared on the going concern basis, were approved by the board of directors on 21 May 2021 and were signed on its behalf by:

Simon Fifield
CEO

Dries Ferreira
Financial director

COMPANY SECRETARY'S CERTIFICATION

Declaration by the company 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 28 February 2021 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

21 May 2021

AUDIT AND RISK COMMITTEE REPORT

for the year ended 28 February 2021

The committee comprised three independent non-executive directors, Howard Turner, Thando Sishuba and Stewart Shaw-Taylor, at year-end and two non-executive directors, Dionne Hirschowitz and Barry van Wyk. A short curriculum vitae for each of these directors has been set out on pages 16 and 17 of the integrated report, demonstrating their suitable and relevant skills and experience. On 18 May 2021, Barry van Wyk and Dionne Hirschowitz resigned as members of the committee.

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 the committee has assessed their suitability for appointment and that their appointments are in accordance with paragraphs 3.84(g) and 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 2021 JSE Report on Proactive Monitoring, issued on 19 February 2021, including Annexure 3, and has taken the appropriate action to apply the findings. In addition, the committee confirms that it is satisfied with the compliance with the SA REIT Best Practices guidelines.

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 28 February 2021 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 28 February 2021

The directors have pleasure in presenting their report on the consolidated financial statements of Newpark and the group for the year ended 28 February 2021.

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 the opinion of the directors, 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 28 February 2021:

- Dividend number 13 was an interim dividend of R19 630 838. The dividend was declared on 6 October 2020 to the shareholders recorded in the register of the company as at 30 October 2020 and paid on 2 November 2020.
- Dividend number 14 is the final dividend for the 2021 financial year amounting to R20 250 247. The dividend was declared on 18 May 2021 and shareholders recorded in the register of the company as at 11 June 2021 will receive the cash dividend distribution on 14 June 2021.

6. DIRECTORS

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

Directors	Designation
S Shaw-Taylor	Independent non-executive chairperson
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
TS Sishuba	Independent non-executive director

Changes to the board of directors

Sadly, Marc Wainer passed away on 20 April 2020. Stewart Shaw-Taylor was appointed as chairperson on 19 May 2020. 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. Thando Sishuba, was appointed as an independent non-executive director and member of the board and audit and risk committee effective on 8 October 2020. On 18 May 2021, Barry van Wyk and Dionne Hirschowitz resigned as members of the audit and risk committee.

7. DIRECTORS' INTERESTS IN SHARES

As at 28 February 2021, the directors held the following direct and indirect interests in the company:

28 February 2021	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	28 335 015	–	–	28 385 015	28,4
DT Hirschowitz	–	28 905 110	–	–	28 905 110	28,9
KM Ellerine	–	19 620 073	–	–	19 620 073	19,6
HC Turner	390 000	–	–	–	390 000	0,4
	1 295 000	77 040 198	–	–	78 335 198	78,3

* *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 28 February 2021.*

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.*

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

10. GOING CONCERN

The group has committed and available liquidity facilities amounting to R50 million.

The strong tenant profile on the three single-tenanted properties supports a resilient income profile. Almost all tenants have resumed operations post-lockdown restrictions. The lockdown had the largest impact on the group's mixed use property tenants.

The board has considered the current realities of the operating environment and has stress-tested the group's liquidity and solvency against worse-case scenario outcomes, albeit highly unlikely, the group still remains liquid and solvent. Therefore, the directors believe that the group has adequate financial resources to continue in operation for the ensuing 12-month period 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 have been re-appointed as auditors, in accordance with section 90 of the Companies Act. The designated auditor is Stephen Shaw.

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 Owen Chimkolenji, 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 Mr Chimkolenji, 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.

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 2020 reporting period for the group is comparable to the 2021 reporting period.

17. ANALYSIS OF SHAREHOLDERS

Shareholders' spread analysis as at 28 February 2021	Number of shares	%
1 – 1 000 shares	4 637	0,00
1 001 – 10 000 shares	53 272	0,05
10 001 – 100 000 shares	636 570	0,64
100 001 – 1 000 000 shares	5 117 106	5,12
1 000 001 shares and over	94 188 416	94,19
	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	25 097 139	25,10
Ellvest Proprietary Limited	19 270 074	19,27
Ellerine Group Investments Proprietary Limited	13 196 715	13,20
	89 680 716	89,69

Public and non-public shareholders	Number of shareholders	% of total	Number of shares	% of total
Public shareholders	61	81,3	21 664 803	21,7
Non-public shareholders:				
Directors and their associates	14	18,7	78 335 198	78,3
Total	**75**	**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 funds from operations 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 funds from operations per share as its financial results measurement for trading statement purposes.

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 49 to 105, which comprise the consolidated and separate statements of financial position as at 28 February 2021, 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 28 February 2021, 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 Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. 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

Chief Executive Officer: ME Stewart

A full list of all company directors is available on www.bdo.co.za

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property – refer note 7 (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. Management obtained external independent valuations for all properties in the current financial period. The valuation requires significant judgments and estimates to be made by valuers and management and this is therefore considered a key audit matter. Refer to note 7 to the financial statements for further information on the valuations of the investment properties.	Our audit procedures included among others: • We confirmed the independence of management's valuation 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 valuer 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 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 lease contracts and relevant market data, 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, available industry data for similar investment properties and our knowledge of the client. • We assessed the reasonability of the discount and capitalisation rates applied by comparing these 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 investment properties is complete and adequate in accordance with International Financial Reporting Standards.

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 28 February 2021", 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, actions taken to eliminate threats or safeguards applied.

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 three years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Stephen Shaw
Director
Registered Auditor

21 May 2021

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENT OF FINANCIAL POSITION

as at 28 February 2021

	Notes	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
ASSETS					
Non-current assets					
Investment properties	7	**1 246 775**	1 253 112	**–**	–
Investment in subsidiary	8	**–**	–	**921 149**	921 149
Straight-line lease asset	9	**115 316**	115 332	**–**	–
Lease incentive	11	**9 262**	11 909	**–**	–
		1 371 353	1 380 353	**921 149**	921 149
Current assets					
Trade and other receivables	12	**6 120**	4 128	**–**	45
Amounts due from group companies	17	**–**	–	**353 547**	111 878
Lease incentive	11	**2 647**	2 647	**–**	–
Cash and cash equivalents	13	**4 087**	7 196	**9**	3
		12 854	13 971	**353 556**	111 926
Total assets		**1 384 207**	1 394 324	**1 274 705**	1 033 075
EQUITY AND LIABILITIES					
Equity					
Share capital	14	**619 918**	619 918	**619 918**	619 918
Reserves	15	**180 412**	180 412	**180 412**	180 412
Retained income		**75 723**	94 012	**17 547**	13 040
		876 053	894 342	**817 877**	813 370
Liabilities					
Non-current liabilities					
Bank borrowings	16	**450 000**	452 000	**450 000**	–
Derivative financial instruments	10	**29 633**	16 011	**–**	–
		479 633	468 011	**450 000**	–
Current liabilities					
Amounts due to group companies	17	**–**	–	**–**	218 647
Trade and other payables	18	**28 521**	31 971	**6 828**	1 058
		28 521	31 971	**6 828**	219 705
Total liabilities		**508 154**	499 982	**456 828**	219 705
Total equity and liabilities		**1 384 207**	1 394 324	**1 274 705**	1 033 075

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2021

	Notes	GROUP 28 February 2021 R'000	GROUP 29 February 2020 R'000	COMPANY 28 February 2021 R'000	COMPANY 29 February 2020 R'000
Revenue	19	**111 800**	127 129	**53 595**	51 043
Other income	20	**–**	755	**–**	755
Property operating expenses	21	**(23 299)**	(32 530)	**–**	–
Administrative expenses	21	**(5 552)**	(6 139)	**(1 956)**	(975)
Net loss from fair value adjustment on investment property	23	**(6 510)**	(25 772)	**–**	–
Net loss from fair value adjustment of financial instruments at fair value through profit or loss	23	**(13 622)**	(7 948)	**–**	–
Operating profit		**62 817**	55 495	**51 639**	50 823
Finance income	22	**605**	1 499	**12 536**	8 703
Finance costs	24	**(46 336)**	(44 838)	**(24 293)**	(19 462)
Profit before taxation		**17 086**	12 156	**39 882**	40 064
Taxation	25	**–**	–	**–**	–
Profit for the period		**17 086**	12 156	**39 882**	40 064
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income for the period		**17 086**	12 156	**39 882**	40 064
Earnings per share information (expressed in cents per share)					
Basic earnings per share (cents)	26	**17,09**	12,16		
Diluted earnings per share (cents)	26	**17,09**	12,16		

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2021

	Share capital R'000	Share issue costs R'000	Total share capital R'000	Capital reorganisation reserve R'000	Retained income/(loss) R'000	Restated Total equity R'000
GROUP						
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 1 March 2020	**625 000**	**(5 082)**	**619 918**	**180 412**	**94 012**	**894 342**
Profit for the period	**–**	**–**	**–**	**–**	**17 086**	**17 086**
Dividends	**–**	**–**	**–**	**–**	**(35 375)**	**(35 375)**
Balance at 28 February 2021	**625 000**	**(5 082)**	**619 918**	**180 412**	**75 723**	**876 053**
Notes	14	14	14	15		

	Share capital R'000	Share issue costs R'000	Total share capital R'000	Capital reorganisation reserve R'000	Retained (loss)/income R'000	Restated Total equity R'000
COMPANY						
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 1 March 2020	**625 000**	**(5 082)**	**619 918**	**180 412**	**13 040**	**813 370**
Profit for the period	**–**	**–**	**–**	**–**	**39 882**	**39 882**
Dividends	**–**	**–**	**–**	**–**	**(35 375)**	**(35 375)**
Balance at 28 February 2021	**625 000**	**(5 082)**	**619 918**	**180 412**	**17 547**	**817 877**
Notes	14	14	14	15		

STATEMENT OF CASH FLOWS

for the year ended 28 February 2021

	Notes	GROUP 28 February 2021 R'000	GROUP 29 February 2020 R'000	COMPANY 28 February 2021 R'000	COMPANY 29 February 2020 R'000
Cash flows from operating activities					
Cash generated from operations	27	**80 442**	90 915	**57 454**	51 237
Finance income		**605**	1 499	**3 229**	8 703
Finance costs		**(46 336)**	(44 280)	**(19 602)**	(17 979)
Tax received	28	**–**	–	**–**	–
Net cash generated from operating activities		**34 711**	48 134	**41 081**	41 961
Cash flows from investing activities					
Purchase of furniture and fittings	7	**(445)**	(909)	**–**	–
Loans to subsidiaries repaid	17	**–**	–	**–**	50
Net cash (utilised by)/generated from investing activities		**(445)**	(909)	**–**	50
Cash flows from financing activities					
Loans from subsidiaries advanced	29	**–**	–	**–**	48 564
Loans from subsidiaries repaid	29	**–**	–	**–**	(47 907)
Dividends paid		**(35 375)**	(42 670)	**(35 375)**	(42 670)
Bank borrowings repaid	29	**(2 000)**	(6 500)	**(5 700)**	–
Net cash utilised by financing activities		**(37 375)**	(49 170)	**(41 075)**	(42 013)
Total cash and cash equivalents movement for the reporting period		**(3 109)**	(1 945)	**6**	(2)
Cash and cash equivalents at the beginning of the reporting period		**7 196**	9 141	**3**	5
Total cash and cash equivalents at the end of the reporting period	13	**4 087**	7 196	**9**	3

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. The accounting policies are consistent with prior year.

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.

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 and estimation uncertainty include:

Estimation uncertainty

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 28 February 2021. The net cash flows were discounted using the swap curve as at 28 February 2021.

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, 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. 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 recognised in the form of an increased expected credit loss percentage when a trade receivables or category of trade receivables payment profiles change and it 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 12 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

The group 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 28 February 2021, 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 28 February 2021 has been provided below.

	Mixed use (retail and office) R'000	Mixed use (storage) R'000	Office R'000	Industrial R'000	Head office R'000	Total R'000
2021						
Revenue	**24 759**	**–**	**56 597**	**30 444**	**–**	**111 800**
Other income	**–**	**–**	**–**	**–**	**–**	**–**
Property operating expenses	**(17 299)**	**(246)**	**(2 380)**	**(3 102)**	**–**	**(23 027)**
Administrative expenses	**–**	**–**	**–**	**–**	**(5 552)**	**(5 552)**
Depreciation	**(272)**	**–**	**–**	**–**	**–**	**(272)**
Fair value adjustments	**(28 759)**	**–**	**23 695**	**(1 446)**	**(13 622)**	**(20 132)**
Finance income	**515**	**–**	**–**	**–**	**90**	**605**
Finance expense	**–**	**–**	**–**	**–**	**(46 336)**	**(46 336)**
Profit before taxation	**(21 056)**	**(246)**	**77 912**	**25 896**	**(65 420)**	**17 086**
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

2. SEGMENT INFORMATION (continued)

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.

	Mixed use R'000	Office R'000	Industrial R'000	Head office R'000	Total R'000
2021					
Investment property	**398 708**	**621 421**	**226 646**	**–**	**1 246 775**
Straight-line asset	**5 292**	**82 670**	**27 354**	**–**	**115 316**
Lease incentive	**–**	**11 909**	**–**	**–**	**11 909**
Trade and other receivables	**6 120**	**–**	**–**	**–**	**6 120**
Cash and cash equivalents	**–**	**–**	**–**	**4 087**	**4 087**
Total assets per the consolidated financial statements	**410 120**	**716 000**	**254 000**	**4 087**	**1 384 207**
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

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
2021					
Bank borrowings	**–**	**–**	**–**	**450 000**	**450 000**
Derivative financial instruments	**–**	**–**	**–**	**29 633**	**29 633**
Trade and other payables	**3 606**	**13 338**	**606**	**10 971**	**28 521**
Total liabilities per the consolidated financial statements	**3 606**	**13 338**	**606**	**490 604**	**508 154**
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

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:

IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies

Materiality decisions are common in determining the level of precision in applying accounting policies in practice. These amendments are a component of the IASB's 'Disclosure Initiative' project, which is intended to simplify financial statements and increase their usability.

The effective date of the interpretation is for years beginning on or after 1 January 2020.

The group has adopted the interpretation for the first time in the 2021 annual financial statements.

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

IFRS 16 – Leases (Amendment – COVID-19-Related Rent Concessions)

The adjustments made to IFRS 16 relates to lessees and not lessors and, therefore, had no impact on the group's financial statements.

The effective date of the amendment is for years beginning on or after 1 June 2020.

3.2 Standards and interpretations not yet adopted or effective in the current period

Annual Improvements to IFRS: 2018 – 2020 Cycle

In May 2020, the IASB issued minor amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards, IFRS 9 – Financial Instruments, IAS 41 – Agriculture and the Illustrative Examples accompanying IFRS 16 – Leases.

The effective date of the amendment is for years beginning on or after 1 January 2022.

The group expects to adopt these amendments during the 2023 financial period.

The amendments are not likely to have a material impact on the group's annual financial statements.

Conceptual Framework for Financial Reporting (Amendments to IFRS 3)

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The effective date of the amendment is for years beginning on or after 1 January 2022.

The group expects to adopt these amendments during the 2023 financial period.

The amendments are not likely to have a material impact on the group's annual financial statements.

3. NEW STANDARDS AND INTERPRETATIONS (continued)

3.2 Standards and interpretations not yet adopted or effective in the current period (continued)

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

In May 2020, the IASB issued amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will be loss- making and is, therefore, recognised as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.

The effective date of the amendment is for years beginning on or after 1 January 2022.

The group expects to adopt these amendments during the 2023 financial period.

The amendments are not likely to have a material impact on the group's annual financial statements.

IAS 16 – Property, Plant and Equipment

In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognise such sales proceeds and any related costs in profit or loss.

The effective date of the amendment is for years beginning on or after 1 January 2022.

The group expects to adopt these amendments during the 2023 financial period.

The amendments are not likely to have a material impact on the group's annual financial statements.

IAS 1 – Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)

In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments initially had an effective date of 1 January 2022, however, in July 2020 this was deferred until 1 January 2023 as a result of the COVID-19 pandemic.

At the IFRS Interpretations Committee's December meeting, the Committee discussed the amendments due to feedback from stakeholders, which indicated that the requirements of the amendments may be unclear.

These amendments are expected to have a significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The group expects to adopt these amendments during the 2024 financial period.

The impact of these amendments are currently being assessed.

3. NEW STANDARDS AND INTERPRETATIONS (continued)

3.2 Standards and interpretations not yet adopted or effective in the current period (continued)

IAS 1 – Presentation of Financial Statements (Amendment – Disclosure of Accounting Policies)

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The group expects to adopt these amendments during the 2024 financial period.

The impact of these amendments are currently being assessed.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The group expects to adopt these amendments during the 2024 financial period.

The impact of these amendments are currently being assessed.

IFRS 16 – Leases Further Amendment – COVID-19-Related Rent Concessions beyond 30 June 2021

In March 2021 the IASB issued "COVID-19-Related Rent Concessions beyond 30 June 2021", in which the application was extended to also include rent concessions related to payments originally due on or before 30 June 2022.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

The amendments will have no effect on the group's annual financial statements.

4. 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 14 and 15, debt, which includes the borrowings disclosed in note 16, as well as cash and cash equivalents disclosed in note 13 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 borrowings covenant per agreement with RMB is set out in note 16.

The gearing ratio at 2021 and 2020, respectively, was as follows:

		GROUP		COMPANY	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Total borrowings					
Amount due to group company	17	**–**	–	**–**	218 647
Bank borrowings	16	**450 000**	452 000	**450 000**	–
Less: Cash and cash equivalents	13	**(4 087)**	(7 196)	**(9)**	(3)
Net debt		**445 913**	444 804	**449 991**	218 644
Total equity		**876 053**	894 342	**817 877**	813 370
Total capital		**1 321 966**	1 339 146	**1 267 868**	1 032 014
Gearing ratio (%)		**34**	33	**35**	21

4. 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 28 February 2021		
Bank borrowings	**–**	**450 000**
Interest on borrowings	**25 755**	**50 164**
Trade and other payables	**26 908**	**–**
Derivatives	**29 633**	**–**
At 29 February 2020		
Bank borrowings	–	452 000
Interest on borrowings	38 383	112 179
Trade and other payables	30 397	–
Derivatives	16 011	–

4. RISK MANAGEMENT (continued)

	Less than one year R'000	Between two and five years R'000
COMPANY		
At 28 February 2021		
Trade and other payables	**6 821**	**–**
Bank borrowings	**–**	**450 000**
Interest on bank borrowings	**25 755**	**50 164**
Amounts due to group company	**–**	**–**
Interest on amounts due to group companies	**–**	**–**
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	–

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 2021, 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 28 February 2021, 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 R850 000 (2020: R870 000) lower/higher, 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	
	2021 %	2020 %	2021 %	2020 %
Cash and cash equivalents up to R50 million through RCF	**9,17**	9,68	**9,17**	6,70
Bank borrowings up to R500 million	**9,17**	9,68	**9,17**	–

4. 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 "Ba2" 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Financial instruments				
FNB/RMB (Rating – Ba1)	4 087	7 196	9	3

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 Ba2.

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash and cash equivalents	4 087	7 196	9	3
Trade and other receivables	6 120	4 128	–	–

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.

4. 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 7 Investment property for details on the application of this level.

Levels of fair value measurements

		GROUP		COMPANY	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
ASSETS					
Investment properties (level 3)	7	**1 246 775**	1 253 112	**–**	–
Total assets at fair value		**1 246 775**	1 253 112	**–**	–
LIABILITIES					
Derivative financial instruments (level 2)	10	**29 633**	16 011	**–**	–
Total liabilities at fair value		**29 633**	16 011	**–**	–

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

4. RISK MANAGEMENT (continued)

Sensitivity analysis of level 3 fair value estimates

	Notes	GROUP Increase R'000	GROUP Decrease R'000	COMPANY Increase R'000	COMPANY Decrease R'000
2021					
ASSETS					
Observable input – 25bps change in discount rate:					
Investment properties	7				
– 24 Central property		(10 117)	10 654	–	–
– JSE building		(19 947)	21 126	–	–
– Linbro Park building		(3 325)	3 490	–	–
– Crown Mines property		(2 601)	2 734	–	–
Total for level 3 assets at fair value		(35 990)	38 004	–	–
Observable input – 25bps change in exit capitalisation rate:					
Investment properties	7				
– 24 Central property		(4 240)	4 463	–	–
– JSE building		(8 437)	8 933	–	–
– Linbro Park building		(1 199)	1 258	–	–
– Crown Mines property		(969)	1 017	–	–
Total for level 3 assets at fair value		(14 845)	15 671	–	–
Observable input – 25bps change in capitalisation rate:					
Investment properties	7				
– 24 Central property		(10 117)	10 654	–	–
– JSE building		(19 947)	21 126	–	–
– Linbro Park building		(3 325)	3 490	–	–
– Crown Mines property		(2 601)	2 734	–	–
Total for level 3 assets at fair value		(35 990)	38 004	–	–

4. RISK MANAGEMENT (continued)

	Notes	GROUP Increase R'000	GROUP Decrease R'000	COMPANY Increase R'000	COMPANY Decrease R'000
Observable input – 100bps change in vacancy rate:					
Investment properties	7				
– 24 Central property		(6 200)	6 200	–	–
– JSE building		(9 130)	9 130	–	–
– Linbro Park building		(2 236)	2 236	–	–
– Crown Mines property		(854)	854	–	–
Total for level 3 assets at fair value		(18 420)	18 420	–	–
Observable input – 100bps change in growth rate:					
Investment properties	7				
– 24 Central property		16 846	(16 846)	–	–
– JSE building		19 475	(19 475)	–	–
– Linbro Park building		3 444	(3 444)	–	–
– Crown Mines property		6 453	(6 453)	–	–
Total for level 3 assets at fair value		46 218	(46 218)	–	–
LIABILITIES					
Bank borrowings (100bps change in interest rate)		(850)	850	–	–
Derivative financial instruments (100bps change in interest rate)		(13 005)	13 005		
Total for level 3 liabilities at fair value	16	(13 855)	13 855	–	–

4. RISK MANAGEMENT (continued)

	Notes	GROUP Increase R'000	GROUP Decrease R'000	COMPANY Increase R'000	COMPANY Decrease R'000
2020					
ASSETS					
Observable input – 25bps change in discount rate:					
Investment properties	7				
– 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	7				
– 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	7				
– 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	–	–

4. RISK MANAGEMENT (continued)

	Notes	GROUP Increase R'000	GROUP Decrease R'000	COMPANY Increase R'000	COMPANY Decrease R'000
Observable input – 100bps change in vacancy rate:					
Investment properties	7				
– 24 Central property		(5 338)	5 338	–	–
– JSE building		(8 319)	8 319	–	–
– Linbro Park building		(2 090)	2 090	–	–
– Crown Mines property		(802)	802	–	–
Total for level 3 assets at fair value		(16 549)	16 549	–	–
Observable input – 100bps change in growth rate:					
Investment properties	7				
– 24 Central property		23 184	(23 184)	–	–
– JSE building		24 250	(24 250)	–	–
– Linbro Park building		3 148	(3 148)	–	–
– Crown Mines property		7 071	(7 071)	–	–
Total for level 3 assets at fair value		57 653	(57 653)	–	–
LIABILITIES					
Bank borrowings (100bps change in interest rate)		(870)	870	–	–
Derivative financial instruments (100bps change in interest rate)		(15 488)	15 488	–	–
Total for level 3 liabilities at fair value	16	(16 385)	16 385	–	–

5. 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
2021			
Trade and other receivables	**6 120**	**–**	**6 120**
Cash and cash equivalents	**4 087**	**–**	**4 087**
	10 207	**–**	**10 207**
2020			
Trade and other receivables	4 128	–	4 128
Cash and cash equivalents	7 196	–	7 196
	11 324	–	11 324

COMPANY	Fair value through profit or loss R'000	Total R'000
2021		
Cash and cash equivalents	**9**	**9**
Amounts due from group companies	**353 547**	**353 547**
	353 556	**353 556**
2020		
Cash and cash equivalents	3	3
Amounts due from group companies	111 878	111 878
	111 881	111 881

6. 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
2021			
Bank borrowings	**450 000**	**–**	**450 000**
Trade and other payables	**26 908**	**–**	**26 908**
Derivative	**–**	**29 633**	**29 633**
	476 908	**29 633**	**506 541**
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

COMPANY	Financial liabilities at amortised cost R'000	Total R'000
2021		
Amounts due to group company	**–**	**–**
Bank borrowings	**450 000**	**450 000**
Trade and other payables	**6 821**	**6 821**
	456 821	**456 821**
2020		
Amounts due to group company	218 647	218 647
Trade and other payables	1 058	1 058
	219 705	219 705

7. 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.

7. 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 7). See note 19 for the recognition of rental income.

7. INVESTMENT PROPERTIES (continued)

GROUP	2021 Cost/ valuation R'000	2021 Accumulated depreciation R'000	2021 Carrying value R'000	2020 Cost/ valuation R'000	2020 Accumulated depreciation R'000	2020 Carrying value R'000
Investment property	**1 244 139**	**–**	**1 244 139**	1 250 649	–	1 250 649
Furniture and fixtures	**5 301**	**(2 665)**	**2 636**	4 856	(2 393)	2 463
Total	**1 249 440**	**(2 665)**	**1 246 775**	1 255 505	(2 393)	1 253 112

Reconciliation of investment properties

GROUP	Opening balance R'000	Additions R'000	Fair value adjustment R'000	Depreciation R'000	Closing balance R'000
2021					
Investment property	**1 250 649**	**–**	**(6 510)**	**–**	**1 244 139**
Furniture and fixtures	**2 463**	**445**	**–**	**(272)**	**2 636**
Total	**1 253 112**	**445**	**(6 510)**	**(272)**	**1 246 775**
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

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.

7. INVESTMENT PROPERTIES (continued)

Valuation reconciliation of Investment properties

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
JSE Building				
Portion 25 of Erf 7 Sandown Johannesburg, South Africa				
– Purchase price	**18 070**	18 070	**–**	–
– Fair value adjustment	**603 351**	579 655	**–**	–
– Straight-line of lease asset	**82 670**	85 719	**–**	–
– Lease incentive	**11 909**	14 556	**–**	–
	716 000	698 000	**–**	–
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	**154 847**	183 607	**–**	–
– Straight-line of lease asset	**5 291**	2 704	**–**	–
– Capitalised expenditure	**5 862**	5 689	**–**	–
	404 000	430 000	**–**	–
Linbro Park				
Portion 3 and 4 of Erf 9 Frankenwald Extension 3 (Linbro Business Park)				
– Purchase price	**127 858**	127 858	**–**	–
– Fair value adjustment	**(652)**	2 094	**–**	–
– Straight-line of lease asset	**20 096**	20 350	**–**	–
– Capitalised expenditure	**698**	698	**–**	–
	148 000	151 000	**–**	–
Crown Mines				
Erven 1 and 2 Crown City, Extension 1				
– Purchase price	**85 044**	85 044	**–**	–
– Fair value adjustment	**13 697**	12 397	**–**	–
– Straight-line of lease asset	**7 259**	6 559	**–**	–
	106 000	104 000	**–**	–

7. INVESTMENT PROPERTIES (continued)

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Fair value of investment property for accounting purposes				
Opening fair value of property assets	**1 383 000**	1 407 000	**–**	–
Gross fair value adjustment on investment property	**(6 510)**	(25 772)	**–**	–
Additions to fixtures and fittings	**445**	909	**–**	–
Depreciation	**(272)**	(359)	**–**	–
Acquisition of investment property	**–**	–	**–**	–
Straight-line lease asset and lease incentive movement	**(2 663)**	1 222	**–**	–
Property valuation	**1 374 000**	1 383 000	**–**	–
Less: Straight-line lease income adjustment (note 9)	**(115 316)**	(115 332)	**–**	–
Less: Lease incentive receivable (note 11)	**(11 909)**	(14 556)	**–**	–
Closing fair value of property assets	**1 246 775**	1 253 112	**–**	–

Securities

Mortgage bonds have been registered over investment properties with a fair value of R1 246 775 493 (2020: R1 253 112 314) as security for interest-bearing liabilities at a nominal value amounting to R500 000 000 (2020: R500 000 000). Refer to note 16.

Details of valuation

The properties were valued on 28 February 2021 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.

The key assumptions and unobservable inputs used by the company in determining fair value were as follows:

2021	**Mixed use %**	**Office %**	**Industrial %**
Discount rate	**15,00**	**14,00**	**15,00**
Exit capitalisation rate	**9,75**	**8,75**	**10,25**
Capitalised rate	**9,50**	**8,50**	**9,25**
Growth rate	**5,50**	**6,05**	**5,75**

7. INVESTMENT PROPERTIES (continued)

2020	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
Growth rate	7,53	7,13	5,75

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.

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 building, its location, the tenants' credit quality and their lease terms.

Inter-relationship between key unobservable inputs and fair value measurements

Refer note 4 setting out the sensitivities of the relevant inputs discussed.

8. 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.

8. INVESTMENT IN SUBSIDIARY (continued)

Name of company	Holding 2021 %	Carrying amount 2021 R'000	Carrying amount 2020 R'000
As per statement of financial position	–	**921 149**	921 149
Newpark Towers Proprietary Limited	100	**805 413**	805 413
I.M.P. Properties Proprietary Limited – shares value:	100	**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.

9. 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Reconciliation of movements				
Carrying value at the beginning of the reporting period	**115 332**	111 463	–	–
Acquisitions	–	–	–	–
COVID-19 concessions impact	**3 167**	–	–	–
Current period movements	**(3 183)**	3 869	–	–
Net carrying value at the end of the reporting period	**115 316**	115 332	–	–
Non-current asset	**115 316**	115 332	–	–
Current asset	–	–	–	–
	115 316	115 332	–	–

10. 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.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Internal models with significant observable market parameters (level 2):				
Interest rate swap and interest rate cap liability	**(29 633)**	(16 011)	**–**	–

Interest rate swaps and interest rate cap

The notional principal amount of the interest rate swap contracts at 28 February 2021 was R365 000 000 (2020: R365 000 000).

On 15 December 2020 the company entered into an additional R150 000 000 two and a half year JIBAR interest rate swap forward at a floating three-month JIBAR +2,35%.

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 four swap contracts have fixed JIBAR rates of 8,085%, 7,993%, 7,990% and 5,190%.

11. 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.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Reconciliation of movements				
Carrying value at beginning of the reporting period	**14 556**	17 203	**–**	–
Current period movement	**(2 647)**	(2 647)	**–**	–
Carrying value at end of the reporting period	**11 909**	14 556	**–**	–
Non-current asset	**9 262**	11 909	**–**	–
Current asset	**2 647**	2 647	**–**	–
	11 909	14 556	**–**	–

12. 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. 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.

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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Financial instruments				
Trade receivables	11 436	8 012	–	–
Allowance for credit losses	(6 216)	(6 219)	–	–
Other receivables	354	158	–	–
Accrued income	546	2 177	–	–
Non-financial instruments				
Value-added tax	–	–	–	45
	6 120	4 128	–	45
Fair value of trade and other receivables				
Trade and other receivables	6 120	4 128	–	45

Categorisation of trade and other receivables

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
At amortised cost	6 120	4 128	–	–
Non-financial instruments	–	–	–	45
	6 120	4 128	–	45

12. 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. 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 specifically focusing on the past 11 months' collection data which has been directly affected by the COVID-19 pandemic, and incorporates forward looking information and GDP growth projection for the country as well as general trends and expectations derived from it as it relates of the property industry outlook as at the reporting date. These aspects include the expectations such as changes in tenant behaviour and preferences as well as consumer demand reflected in the post COVID-19 recovery period. The type of tenant also has a general observable trend throughout the market. These are just some of the factors being considered.

The loss allowance provision is determined as follows:

	2021		2020	
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	**1 548**	**(290)**	1 795	(59)
Between 30 and 60 days past due	**1 312**	**(326)**	1 214	(1 157)
Between 60 and 90 days past due	**1 474**	**(526)**	558	(558)
More than 90 days past due	**7 102**	**(5 074)**	4 445	(4 445)
	11 436	**(6 216)**	8 012	(6 219)

The application of the forward-looking information together with the deterioration in the general economic conditions of the industry did not result in an increase of the loss allowance.

12. 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Opening balance	**(6 219)**	(4 979)	**–**	–
Increase in loss allowance recognised in profit or loss during the reporting period	**–**	(5 207)	**–**	–
Receivables written off during the reporting period as uncollectable	**3**	3 967	**–**	–
Closing balance	**(6 216)**	(6 219)	**–**	–

In respect of the 2021 financial year, the write-off of tenant arrears includes R9,3 million relating to discounts provided by 24 Central on a case by case basis to tenants as COVID-19 rental relief. No increase in provision for loss allowance has been made against the balances of the receivables not already written off.

As of 28 February 2021, trade and other receivables of R6 215 919 (29 February 2020: R6 218 919) 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Rand	**6 120**	4 128	**–**	–

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

13. 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Bank balances	**4 087**	7 196	**9**	3

Facilities

As at 28 February 2021, the company had banking facilities in place of R500 000 000 with RMB of which a total of R450 000 000 has been drawn down (note 16).

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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
RMB/FNB (Rating – Ba2)	**4 087**	7 196	**9**	3

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 Ba2.

Currencies

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Rand	**4 087**	7 196	**9**	3

14. 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	
	2021 number	2020 number	2021 number	2020 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 (2020: 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

15. 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.

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

16. 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	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Held at amortised cost				
Non-current				
Rand Merchant Bank loan	**450 000**	452 000	**450 000**	–
Total	**450 000**	452 000	**450 000**	–

Rand Merchant Bank (RMB)

The loan covenants stipulates a interest cover ratio (EBITDA: Net interest charged) of 1,6 and a Loan to Value measured ("LTV") of 45%.

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 restructured term loan facilities were implemented on 1 June 2020 and included the change in the borrowing entity from Newpark Towers (Pty) Ltd to Newpark REIT Limited.

The group has committed and available liquidity facilities amounting to R50 million. Despite a worse-case scenario assumption the group comfortably remains liquid and solvent.

The existing RMB facility is secured by a first mortgage bond over fixed property with a carrying value of R1 246 775 493 and currently attracts a floating rate of three-month JIBAR plus 1,95% on the first R300 million, a floating rate of three-month JIBAR plus 2,35 on the next R150 000 and a floating rate of prime less 1,28% on the remaining R50 million loan, respectively. The blended floating rate amounts to 5,73% before the hedging instruments are applied to the borrowings profile.

16. BANK BORROWINGS (continued)

Newpark secured two interest rate swaps at 18 January 2016 (for R135 million) and 10 April 2020 (for R230 million), respectively. The previous R230 million interest rate swap expiring during 2021 and was replaced by a new swap (see hedge 5 below) at a rate of 7,993%. 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 7,993% (R230 million) respectively, before the RMB margin of 1,95%. The two interest rate swaps expire on 31 May 2022. During the reporting period the group also secured an interest rate swap forward at 5,190% of R150 million (see hedge 8 below) to start on 1 June 2022. Interest on all the derivative instruments mentioned above is payable quarterly.

The all-in weighted average cost of funding is 9,171% (29 February 2020: 9,675%) 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 A) – floating rate	300 000	Three-month JIBAR+1,95
Expiry May 2025 (facility B) – floating rate	150 000	Three-month JIBAR+2,35
Expiry May 2023 (facility 1B) – floating rate	50 000	Prime -1,28
Total floating rate position	**500 000**	

Hedge instruments over above facilities	Amount R'000	Hedges of three-month JIBAR base-rate %
Hedge 3: rate swap – expired 2020/4/10 (rolled into hedge 5)	230 000	7,700
Hedge 4: rate swap – started 2017/6/30 / expires 2022/5/31 (to roll into hedge 6)	135 000	8,085
Hedge 5: rate swap – started 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
Hedge 8: forward rate swap – to start 2022/6/1 / expires 2024/11/29	150 000	5,190
All-in cost of debt		**9,171**

16. 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 2019	9 141	–	(458 500)	(449 359)
Interest accrued	–	(38 383)	(112 179)	(150 562)
Cash flows	(1 945)	38 383	112 179	148 617
Borrowings restructured	–	–	6 500	6 500
Net cash/(debt) at 1 March 2020	**7 196**	**–**	**(452 000)**	**(444 804)**
Interest accrued	**–**	**(25 755)**	**(50 164)**	**(75 919)**
Cash flows	**(3 109)**	**25 755**	**50 164**	**72 810**
Borrowings repaid	**–**	**–**	**2 000**	**2 000**
Net cash/(debt) at 28 February 2021	**4 087**	**–**	**(450 000)**	**(445 913)**
COMPANY				
Net cash/(debt) at 1 March 2019	5	(216 507)	–	(216 502)
Interest accrued	–	(17 492)	–	(17 492)
Cash flows	(2)	17 492	–	17 490
Borrowings advanced	–	(2 140)	–	(2 556)
Net cash/(debt) at 1 March 2020	**3**	**(218 647)**	**–**	**(218 644)**
Interest accrued	**–**	**(25 755)**	**(50 164)**	**(75 919)**
Cash flows	**6**	**25 755**	**50 164**	**75 925**
Cashless roll-over between related parties	**–**	**218 647**	**(450 000)**	**(231 353)**
Net cash/(debt) at 28 February 2021	**9**	**–**	**(450 000)**	**(449 991)**

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Fair value of bank borrowings				
Bank borrowings	**450 000**	452 000	**450 000**	–
Currencies				
The carrying amounts of bank borrowings at amortised cost are denominated in the following currency:				
Rand	**450 000**	452 000	**450 000**	–

16. BANK BORROWINGS (continued)

The Group's borrowings facilities from Rand Merchant Bank, totalling R500 million, are subject to the following covenant measures:

Interest cover ratio measured as EBITDA : Net Interest Charged:

a. Covenant required >1,6 times

b. Actual measurement on 28 February 2021 = 1,8 times (headroom in EBITDA of R8,8 million)

Covenant measure met.

Loan to Value measured as Borrowings : Immovable Asset Value (expressed as %) ("LTV")

a. Covenant required <45%

b. Actual measurement on 28 February 2021 = 34,6 (headroom of R142,8 million)

Covenant measure met.

17. 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Subsidiary				
I.M.P. Properties Proprietary Limited	–	–	**111 847**	111 878
Newpark Towers Proprietary Limited	–	–	**241 700**	(218 647)
The above amounts are unsecured, carry interest at a fixed rate and are repayable on demand.				
Currencies				
The carrying amounts of amounts due (to)/from group companies are denominated in the following currencies:				
Rand	–	–	**353 547**	111 878
Rand	–	–	**–**	(218 647)

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

Split between non-current and current portions

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Current assets	–	–	353 547	111 878
Current liabilities	–	–	–	(218 647)

Exposure to credit risk

Loans receivable 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.

18. 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Financial instruments				
Accrued audit fees	616	582	616	582
Accrued interest	10 346	10 445	6 205	–
Deposits received	1 699	1 813	–	–
JSE tenant expenditure	8 050	8 050	–	–
Other payables	6 197	9 508	–	476
Non-financial instruments				
Value-added tax	1 613	1 573	7	–
	28 521	31 971	6 828	1 058
Currencies				
The carrying amounts of trade and other payables are denominated in the following currency:				
Rand	28 521	31 971	6 828	1 058

19. 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.

19. REVENUE (continued)

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Rental income (including operating costs)	**112 443**	109 880	**–**	–
Dividend received from related parties	**–**	–	**53 595**	51 043
COVID-19 relief	**(10 694)**	–	**–**	–
Recoveries	**10 284**	10 660	**–**	–
Advertising	**2 430**	5 367	**–**	–
Straight-line adjustment of lease income	**(16)**	3 869	**–**	–
Straight-line lease incentive	**(2 647)**	(2 647)	**–**	–
	111 800	127 129	**53 595**	51 043

Revenue was categorised and accounted for as follows:

Type of revenue	Separate goods or services	IFRS 16	IFRS 15	Fixed/ variable	Point in time/over time
2021					
Rental income	√	√		Fixed	n/a
Operating costs	x	√		Fixed	n/a
Recoveries: rates, water, electricity, sewerage	√		√	Variable	Over time
Advertising	√		√	Fixed	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

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. During the current financial period the group provided tenants with COVID-19 concessions of R10,69 million due to the effect of the pandemic on the economy, especially on the retail sector. The majority of the COVID-19 concessions were given to the 24 central, mixed use building of Newpark Towers.

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
20. OTHER INCOME				
Professional services	–	755	–	755
	–	755	–	755
21. EXPENSES BY NATURE				
Administrative expenses	**5 552**	6 139	**1 956**	975
Property operating expenses	**23 299**	32 530	–	–
Total property operating and administrative expenses	**28 851**	38 669	**1 956**	975
Property operating expenses				
Administration and management fees	**1 485**	1 503	–	–
Repairs and maintenance	**3 769**	6 230	–	–
Movement in credit loss allowance	**3**	3 829	–	–
Utilities	**13 600**	14 658	–	–
Insurance	**266**	260	–	–
Depreciation	**272**	359	–	–
Cleaning	**946**	940	–	–
Security	**1 233**	1 733	–	–
Other expenses	**1 725**	3 018	–	–
Total property expenses	**23 299**	32 530	–	–
Administrative expenses				
Directors' fees and costs	**1 985**	2 403	**1 985**	2 403
Annual duty	**3**	8	**3**	4
Audit fees	**668**	691	**668**	691
Administration costs and fees	**2 698**	2 848	**1 854**	1 995
Management fees received	–	–	**(4 465)**	(4 173)
Bank charges	**102**	68	**70**	2
Legal fees	**18**	12	**1 778**	–
Sundry expenses	**78**	109	**63**	53
Total administrative expenses	**5 552**	6 139	**1 956**	975

22. 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 24.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Interest revenue				
Bank	**90**	149	**–**	–
Trade and other receivables	**515**	1 350	**5**	38
Intergroup loans	**–**	–	**12 531**	8 665
	605	1 499	**12 536**	8 703

23. FAIR VALUE ADJUSTMENTS

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Net loss from fair value adjustment on investment property	**(6 510)**	(25 772)	**–**	–
Net loss from fair value adjustments on financial instruments at fair value through profit or loss	**(13 622)**	(7 948)	**–**	–
	(20 132)	(30 720)	**–**	–

24. FINANCE COSTS

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Bank fees capitalised against loan amortised	**–**	558	**308**	285
Bank borrowings	**29 227**	40 962	**19 294**	–
Interest paid interest rate swap	**17 109**	3 318	**–**	–
Other	**–**	–	**–**	–
Intergroup loans	**–**	–	**4 691**	19 177
	46 336	44 838	**24 293**	19 462

25. 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.

25. 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	
	2021 R'000	2020 R'000	2021 R'000	2020 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	17 086	12 156	39 882	40 064
Tax at the applicable tax rate of 28% (2020: 28%)	4 784	3 404	11 167	11 217
Tax effect of adjustments on taxable income				
Fair value adjustment not subject to tax	5 637	9 442	–	–
Straight-line and lease incentive movements not subject to tax	746	(342)	–	–
Dividend distribution	(11 167)	(11 218)	(11 167)	(11 217)
Other	–	(87)	–	–
Taxable income	–	1 199	–	–
Assessed loss brought forward	–	(1 199)	–	–
Tax payable/loss carried forward	–	–	–	–

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 2021.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
26. EARNINGS PER SHARE				
Basic earnings per share				
Basic earnings				
Profit attributable to shareholders	**17 086**	12 156	**39 882**	40 064
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)	**17,09**	12,16		
Diluted earnings per share				
There are no dilutive instruments in issue.				
Profit attributable to shareholders	**17 086**	12 156	**39 882**	40 064
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)	**17,09**	12,16		
Headline earnings per share				
Headline earnings is calculated as follows:				
Profit attributable to shareholders	**17 086**	12 156	**39 882**	40 064
Adjusted for:				
Change in fair value of investment property as a result of depreciation in property value	**6 510**	25 772	**–**	–
	23 596	37 928	**39 882**	40 064
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)	**23,60**	37,93		

The weighted average number of shares has been calculated as 100 000 001 (2020: 100 000 001) weighted for the full financial year to 28 February 2021, resulting in 100 000 001 (2020: 100 000 001) shares.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
27. CASH GENERATED FROM OPERATIONS				
Profit before taxation	**17 086**	12 156	**39 882**	40 064
Adjustments for:				
Depreciation	**272**	359	**–**	–
Finance income	**(605)**	(1 499)	**(12 536)**	(8 703)
Finance costs	**46 336**	44 280	**24 293**	19 462
Fair value adjustments – derivatives	**13 622**	7 948	**–**	–
Fair value adjustments – investment property	**6 510**	25 772	**–**	–
Impairment of trade receivables	**(3)**	–		–
Straight-line lease assets	**16**	(3 869)	**–**	–
Lease incentive	**2 647**	2 647	**–**	–
Changes in working capital:				
Trade and other receivables	**(1 989)**	(168)	**46**	(45)
Trade and other payables	**(3 450)**	3 289	**5 769**	459
	80 442	90 915	**57 454**	51 237
28. TAX RECEIVED				
Balance at the beginning of the reporting period	**–**	–	**–**	–
Current tax for the reporting period recognised in profit or loss (refer note 25)	**–**	–	**–**	–
Balance at the end of the reporting period	**–**	–	**–**	–
Tax received	**–**	–	**–**	–
	–	–	**–**	–

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

29. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2021	Opening balance R'000	Advanced loan cash inflow R'000	Repaid loan cash outflows R'000	Closing balance R'000
GROUP				
Borrowings	**452 000**	**10 700**	**(12 700)**	**450 000**
	452 000	**10 700**	**(12 700)**	**450 000**

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

2021	Opening balance R'000	Income or expenses in profit or loss R'000	Non-cash RMB loan movements between related parties R'000	Repaid loan cash outflows R'000	Closing balance R'000
COMPANY					
Amounts due to group companies	**218 647**	**4 690**	**(223 337)**	**–**	**–**
Borrowings	**–**	**–**	**455 700**	**(5 700)**	**450 000**
	218 647	**4 690**	**232 363**	**(5 700)**	**450 000**

2020	Opening balance R'000	Income or expenses in profit or loss R'000	Advanced loan cash inflows R'000	Repaid loan 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

30. RELATED PARTIES

Relationships

Subsidiaries

Formprops 61 Properties Proprietary Limited

Newpark Towers Proprietary Limited

I.M.P. Properties Proprietary Limited

CP Finance Proprietary Limited

Other related parties

Capensis Real Estate Proprietary Limited

WellCapital Proprietary Limited

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Related party balances				
Amounts due from/(to) related parties				
Newpark Towers Proprietary Limited	**–**	–	**241 700**	(218 647)
I.M.P. Properties Proprietary Limited	**–**	–	**111 847**	111 878
Related party transactions				
Interest paid to related parties				
Newpark Towers Proprietary Limited	**–**	–	**4 691**	19 177
Interest received from related parties				
I.M.P. Properties Proprietary Limited	**–**	–	**(4 382)**	–
Newpark Towers Proprietary Limited	**–**	–	**(8 149)**	(8 665)
Professional services				
JAI Ferreira	**671**	741	**–**	–
SP Fifield	**1 269**	1 686	**–**	–
Management fees (paid to)/received from related parties				
Newpark Towers Proprietary Limited	**–**	–	**3 637**	3 399
Formprops 61 Properties Proprietary Limited	**–**	–	**549**	513
CP Finance Proprietary Limited	**–**	–	**279**	261

31. DIRECTORS' EMOLUMENTS

12 months ended 28 February 2021	Board member fees R'000	Advisory R'000	Total 2021 R'000
Non-executive directors			
HC Turner	**293**	**–**	**293**
T Sishuba	**90**	**–**	**90**
S Shaw-Taylor	**322**	**–**	**322**
DT Hirschowitz	**263**	**–**	**263**
KM Ellerine	**215**	**–**	**215**
BD van Wyk	**275**	**–**	**275**
Total	**1 458**	**–**	**1 458**
Executive directors			
SP Fifield	**384**	**885**	**1 269**
JAI Ferreira	**219**	**452**	**671**
Total	**603**	**1 337**	**1 940**

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

32. DETAILS OF PROPERTY PORTFOLIO

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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Minimum lease payments				
Within 1 year	**112 342**	100 993	**–**	–
Between 1 to 2 years	**116 672**	128 885	**–**	–
Between 2 to 3 years	**121 311**	104 592	**–**	–
Between 3 to 4 years	**125 313**	112 151	**–**	–
Between 4 to 5 years	**59 789**	161 300	**–**	–
Later than 5 years	**10 474**	22 021	**–**	–

33. GOING CONCERN

The group has committed and available liquidity facilities amounting to R50 million.

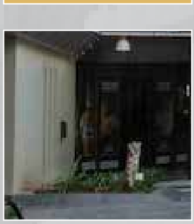
The strong tenant profile on the three single-tenanted properties supports a resilient income profile. Almost all tenants have resumed operations post lock-down restrictions. The lockdown had the largest impact on the group's mixed use property tenants.

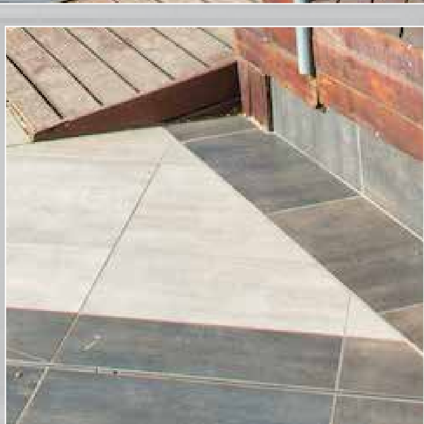
The board has considered the current realities of the operating environment and has stress-tested the group's liquidity and solvency against worse-case scenario outcomes, albeit highly unlikely, the group still remains liquid and solvent. Therefore, the directors believe that the group has adequate financial 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.

34. 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 integrated report.

SHAREHOLDER INFORMATION





SHAREHOLDER DIARY

Shareholders' diary	2021
Financial year-end	28 February
Announcement of annual results	21 May
Integrated report released	26 May
Annual general meeting	13 July
Announcement of interim results	8 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 2020 to 28 February 2021
"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

Owen Chimkolenji *(ACIS PGDip Corporate Law)*
CIS Company Secretaries Proprietary Limited
(Registration number 2006/024994/07)
15 Biermann Avenue
Rosebank 2196

(Private Bag X9000, Saxonwold 2132)

Corporate advisor and bookrunner

Java Capital Proprietary Limited
(Registration number 2012/089864/07)
6th Floor, 1 Park Lane
Weirda Valley
Sandton 2196

(PO Box 582606, Saxonwold 2132)

Designated advisor

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6th Floor, 1 Park Lane
Weirda Valley
Sandton 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

(Private Bag X9000, Saxonwold 2132)

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*
	TS Sishuba	*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	
Designated 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	26 May 2021	

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, 13 July 2021 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 28 February 2021 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

	2021
Record date for purposes of receiving this notice	Friday, 21 May
Last day to trade in order to be eligible to participate in and vote at the annual general meeting	Tuesday, 29 June
Record date for purposes of voting at the meeting ("**voting record date**")	Friday, 2 July
Annual general meeting held at 12:00 on	Tuesday, 13 July
Results of annual general meeting released on SENS on	Tuesday, 13 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 28 February 2021, 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

Mr Howard Turner retires by rotation and, being eligible, offers himself for re-election as an independent non-executive director of the company.

"Resolved that the re-election of Mr Howard Turner as an independent non-executive director to the company be confirmed."

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

The company's board of directors has considered Mr Howard Turner'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.

2. ORDINARY RESOLUTION NUMBER 2:

RE-ELECTION OF DIRECTOR

Mr Simon Fifield retires by rotation and, being eligible, offers himself for re-election as an executive director of the company.

"Resolved that the re-election of Mr Simon Fifield as an executive director to the company be confirmed."

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

The company's board of directors has considered Mr Simon Fifield'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

APPOINTMENT OF DIRECTOR

Mr Thando Sishuba was appointed as an independent non-executive director of the company by the board of directors of Newpark on 8 October 2020.

"Resolved that the appointment of Mr Thando Sishuba as an independent non-executive director to the company be confirmed."

An abridged curriculum vitae of Mr Thando Sishuba is included in the integrated report of which this notice forms part.

The company's board of directors has considered Mr Thando Sishuba's experience and expertise and recommends that his appointment as a director of the company be ratified by shareholders.

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 Act No. 71 of 2008, Mr Howard Charles Turner, an independent non-executive director, subject to the passing of ordinary resolution number 1, 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 Mr Stewart Shaw-Taylor 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 Stewart Shaw-Taylor, an independent non-executive director, be appointed as a member of the audit and risk committee."

An abridged curriculum vitae of Mr Stewart Shaw-Taylor 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.

4.3 Ordinary resolution number 4.3:

Appointment of Mr Thando Sishuba 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 Thando Sishuba, an independent non-executive director, subject to the passing of ordinary resolution number 3, be appointed as a member of the audit and risk committee."

An abridged *curriculum vitae* of Mr Thando Sishuba 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.

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 information (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 6 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 6 (irrespective of whether authority on resolution number 6 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 44.
- Capital structure of the company – page 87.

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 28 February 2021 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 2021 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 28 February 2021 and proposed fees for 2022:

	Directors' annual fees	
Position	2021 Actual R	2022 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 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 8:

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 (Private Bag X9000, Saxonwold, 2132) 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 Friday, 9 July 2021 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 Owen Chimkolenji, 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
Private Bag X9000, Saxonwold, 2132

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
Private Bag X9000, Saxonwold, 2132

21 May 2021

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, 2 July 2021 (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, 13 July 2021 (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 Mr Howard Turner as director			
Ordinary resolution number 2: Re-election of Mr Simon Fifield as director			
Ordinary resolution number 3: Appointment of Mr Thando Sishuba as director			
Ordinary resolution number 4: Re-appointment of the members of the audit and risk committee:			
4.1 Mr Howard Charles Turner			
4.2 Mr Stewart Shaw-Taylor			
4.3 Mr Thando Sishuba			
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 2021

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 Private Bag X9000, Saxonwold, 2132 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, 2 July 2021, 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 Private Bag X9000, Saxonwold, 2132 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, 9 July 2021, 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 1 –
SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021

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**” or “**the group**”)

The second edition of the SA REIT Association’s Best Practice Recommendations were published during November 2019. This document recommends the disclosure of certain non-IFRS financial measurement and is effective for all members for reporting periods commencing on or after 1 January 2020. SA REIT encourages full compliance with best practice recommendations and suggests an annexure to be published with the integrated report.

The Newpark REIT group implemented these best practice recommendations for the fist time during the 2021 financial year.

1. SA REIT FUNDS FROM OPERATIONS (FFO) PER SHARE

	2021 R’000	2020 R’000
Profit per IFRS statement of comprehensive income (SOCI) attributable to the parent	**17 086**	12 156
Adjusted for:		
Accounting/specific adjustments:	**9 173**	24 550
Fair value adjustments to:		
– Investment property	**6 510**	25 772
– Straight-lining operating lease adjustment	**2 663**	(1 222)
Foreign exchange and hedging items:	**13 622**	7 948
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**13 622**	7 948
FFO	**39 881**	44 654
Number of shares outstanding at end of period (net of treasury shares)	**100 000**	100 000
FFO per share	**39,88**	44,65
Dividend per share	**39,88**	40,06*
– Interim dividend	**19,63**	24,32
– Final dividend	**20,25**	15,74

* *The quantum of the final dividend declaration for the 2020 financial period was reduced by an amount of R4,6 million, resulting in the total dividend for the financial year representing 89,7% of the FFO.*

1. SA REIT FUNDS FROM OPERATIONS (FFO) PER SHARE (continued)

Reconciliation between cash from operating expenses and SA REIT FFO

	2021 R'000	2020 R'000
SA REIT FFO	**39 881**	44 654
Adjustments		
Working capital adjustment		
– Trade receivables	**(1 989)**	(168)
– Trade payables	**(3 450)**	3 289
Impairment of trade receivables	**(3)**	–
Depreciation of property, plant and equipment	**272**	359
Net cash from operating activities	**34 711**	48 134

2. SA REIT NET ASSET VALUE (SA REIT NAV)

	2021 R'000	2020 R'000
Reported NAV attributable to the parent	**876 053**	894 342
Adjustments:		
Dividend to be declared	**(20 250)**	(15 744)
Fair value of certain derivative financial instruments	**29 633**	16 011
SA REIT NAV	**885 436**	894 609
Shares outstanding		
Number of shares in issue at period end (net of treasury shares) ('000)	**100 000**	100 000
Dilutive number of shares in issue ('000)	**100 000**	100 000
SA REIT NAV per share (R)	**8,85**	8,94

3. SA REIT COST TO INCOME

	2021 R'000	2020 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**23 299**	32 530
Operating costs	**23 299**	32 530
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**104 179**	115 247
Utility and operating recoveries per IFRS income statement	**10 285**	10 660
Gross rental income	**114 464**	125 907
SA REIT cost-to-income ratio (%)	**20,4**	25,8

4. SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

	2021 R'000	2020 R'000
Expenses		
Administrative expenses as per IFRS income statement	**5 552**	6 139
Administrative costs	**5 552**	6 139
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**104 179**	115 247
Utility and operating recoveries per IFRS income statement	**10 284**	10 660
Gross rental income	**114 464**	125 907
SA REIT administrative cost-to-income ratio (%)	**4,9**	4,9

5. SA REIT GLA VACANCY RATE

	2021 R'000	2020 R'000
Gross lettable area of vacant space	7 803	6 926
Gross lettable area of total property portfolio	57 761	57 481
SA REIT GLA vacancy rate (%)	13,5	12,1

6. SA REIT COST OF DEBT

	2021 %	2020 %
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	5,73	8,96
Pre-adjusted weighted average cost of debt	5,73	8,96
Adjustments:		
Impact of interest rate derivatives	3,44	0,72
All-in weighted average cost of debt	9,17	9,68

7. SA REIT LOAN-TO-VALUE

	2021 R'000	2020 R'000
Gross debt	450 000	452 000
Less: Cash and cash equivalents	(4 087)	(7 196)
Add: Derivative financial instruments	29 633	16 011
Net debt	475 546	460 815
Total assets – per Statement of Financial Position	1 384 207	1 394 324
Less:		
– Cash and cash equivalents	(4 087)	(7 196)
– Trade and other receivables	(6 120)	(4 128)
Carrying amount of property-related assets	1 374 000	1 383 000
SA REIT loan-to-value ("SA REIT LTV")	34,6	33,3

8. GROSS INITIAL YIELD

	2021 R'000	2020 R'000
Gross initial yield		
Investment property	**1 374 000**	1 383 000
Grossed up property value	**1 374 000**	1 383 000
Property income		
Contractual cash rentals	**108 290**	107 183
Annualised net rental	**108 290**	107 183
Net initial yield (%)	**7,88**	7,75

9. PROPERTY DISCLOSURES

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

Property name	Physical address	Sector	Land area m²	Nature	Weighted average rental per m² (R/m²)	Rentable area (GLA) m²	Vacancy (% of group rental area)	Valuation as at 28 February 2021 R'000
JSE Building	One Exchange Square, 2 Gwen Lane, Sandown, 2196 Gauteng	Office	5 659	Prime grade offices	*	18 163,00	–	716 000
24 Central	6 Gwen Lane, Sandown, Sandton, 2196 Gauteng	Mixed use (mainly office and retail)	17 679	A grade offices	96,84	15 934,28	13,5	404 000
Linbro Business Park	Portion 3 and 4 of Erf 9 Frankenwald Extension 3 Township (Linbro Business Park)	Industrial	23 511	B grade industrial	*	12 387,00	–	148 000
Crown Mines	Erven 1 and 2 Crown City Extension 1	Industrial	21 023	B+ grade industrial	*	11 277,00	–	106 000
Total					**159,21**	**57 761,28**	**13,5**	**1 374 000**

* *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 28 February 2021 has been included in the weighted average rental per m² for the group.*

All four of the properties are 100% owned by the group.

9. PROPERTY DISCLOSURES (continued)

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 28 February 2021 is provided in the tables below.

Lease expiry profile

GLA	TOTAL m²	Mixed use m²	Office m²	Industrial m²	Storage m²
Vacant	7 803,21	4 876,67	–	–	2 926,54
Feb 2022	2 820,44	2 820,44	–	–	–
Feb 2023	–	–	–	–	–
Feb 2024	528,63	528,63	–	–	–
Feb 2025	13 422,00	1 035,00	–	12 387,00	–
Feb 2026	18 675,00	512,00	18 163,00	–	–
> Feb 2026	14 512,00	3 235,00	–	11 277,00	–

Gross rental as a percentage of total gross income	TOTAL %	Mixed use %	Office %	Industrial %	Storage %
Vacant	8,1	5,9	–	–	2,2
Feb 2022	3,6	3,6	–	–	–
Feb 2023	–	–	–	–	–
Feb 2024	1,0	1,0	–	–	–
Feb 2025	18,2	1,0	–	17,2	–
Feb 2026	57,3	1,2	56,1	–	–
> Feb 2026	11,8	2,9	–	8,9	–

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	31,4	56,1	0,0	18 163,0
Mixed use (retail and office)	22,5	15,6	8,4	13 007,7
Industrial	41,0	26,1	0,0	23 664,0
Mixed use (storage)	5,1	2,2	5,1	2 926,5
Total	**100,0**	**100,0**	**13,5**	**57 761,2**

9. PROPERTY DISCLOSURES (continued)

	GLA m²	GLA %	Gross rental for the 28 February 2021 period R'000
Tenant profile			
A	46 608,50	80,7	102 639
B	1 508,83	2,6	5 999
C	1 840,74	3,2	3 395
Vacant	7 803,21	13,5	–
	57 761,28	100,0	112 033

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, TLS South Africa Trading Proprietary Limited (UK and Belgian Visa), CCI South Africa Proprietary Limited, Hellermann Tyton and Bidvest.

B. National tenants, smaller listed tenants, franchisees and medium to large professional firms. These are Solo, News Café, Lexi's Healthy Eatery and Urban Crust.

C. Other local tenants and sole proprietors. These are Club Sublime CC (Taboo), Juju Lounge CC (Cocoon/BOA), ATM Solutions Proprietary Limited and AU999 Commodities.

Top 10 tenants by gross rental revenue

	Sector	Gross rental revenue for the 28 February 2021 period R'000
Tenant		
JSE	Office	*
HellermannTyton	Industrial	*
Bidvest Afcom (Pty) Ltd	Industrial	*
Top three tenants		**92 289**
CCI South Africa	Mixed use (retail and office)	7 570
Boo Media	Mixed use (retail and office)	2 666
CLP Investments	Mixed use (retail and office)	2 229
TLS	Mixed use (retail and office)	2 165
Solo Restaurant	Mixed use (retail and office)	771
Taboo	Mixed use (retail and office)	756
Vida E Cafe	Mixed use (retail and office)	613
		109 059

* *As the JSE building, Linbro Park and Crown Mines are single tenanted buildings in the property portfolio, the gross income for the period for these three properties are presented as a total value.*

9. PROPERTY DISCLOSURES (continued)

	2021 R'000	2020 R'000
JSE Building		
Portion 25 of Erf 7 Sandown Johannesburg, South Africa		
– Purchase price	**18 070**	18 070
– Fair value adjustment	**630 351**	579 655
– Straight-line of lease asset	**82 670**	85 719
– Lease incentive	**11 909**	14 556
	716 000	698 000
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	**154 847**	183 607
– Straight-line of lease asset	**5 291**	2 704
– Capitalised expenditure	**5 862**	5 689
	404 000	430 000
Linbro Park		
Portion 3 and 4 of Erf 9 Frankenwald Extension 3 (Linbro Business Park)		
– Purchase price	**127 858**	127 858
– Fair value adjustment	**(652)**	2 094
– Straight-line of lease asset	**20 096**	20 350
– Capitalised expenditure	**698**	698
	148 000	151 000
Crown Mines		
Erven 1 and 2 Crown City, Extension 1		
– Purchase price	**85 044**	85 044
– Fair value adjustment	**13 697**	12 397
– Straight-line of lease asset	**7 259**	6 559
	106 000	104 000

9. PROPERTY DISCLOSURES (continued)

	2021 R'000	2020 R'000
Fair value of investment property for accounting purposes		
Opening fair value of property assets	**1 383 000**	1 407 000
Gross fair value adjustment on investment property	**(6 510)**	(25 772)
Additions to fixtures and fittings	**445**	909
Depreciation	**(272)**	(359)
Acquisition of investment property	**–**	–
Straight-line lease asset and lease incentive movement	**(2 663)**	1 222
Property valuation	**1 374 000**	1 383 000
Less: Straight-line lease income adjustment	**(115 316)**	(115 332)
Less: Lease incentive receivable	**(11 909)**	(14 556)
Closing fair value of property assets	**1 246 775**	1 253 112

At 28 February 2021, the key assumptions and unobservable inputs used by the company in determining fair value were as follows:

2021	Mixed use %	Office %	Industrial %
Discount rate	**15,00**	**14,00**	**15,00**
Exit capitalisation rate	**9,75**	**8,75**	**10,25**
Capitalised rate	**9,50**	**8,50**	**9,25**
Growth rate	**5,50**	**6,05**	**5,75**

2020	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
Growth rate	7,53	7,13	5,75

9. PROPERTY DISCLOSURES (continued)

Other property disclosures

	Average rental escalation %	Average lease length period in years at period-end	Gross rental for the 28 February 2021 period R'000	Acquisition date of property
Sectoral profile				
JSE Building (office)	8,25	4,6	*	3 February 2016
24 Central (Mixed use)	8,73	2,8	19 744	3 February 2016
Linbro Business Park (Industrial)	8,34	3,8	*	28 February 2017
Crown Mines (Industrial)		5,8	*	28 February 2017

* *As the JSE building, Linbro Park and Crown Mines are single tenanted buildings in the property portfolio, the gross income for the period for these three properties is R92 289 in total.*

ANNEXURE 2 –
B-BBEE COMPLIANCE REPORT

Broad-Based Black Economic Empowerment Commission

Compliance Report by Companies Listed on the Johannesburg Stock Exchange (JSE)

(in terms of Section 13G (2) 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 (2) of the Act) 1

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:

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

ii) Annual Report: Attached

3. Entity Annual Turnover: **R53 595 000**

4. Sign-off and Date

Signature	Date
	21 May 2021

Compliance Report (Form B-BBEE 1) (in terms of Section 13G (2) of the Act) 2

Newpark

www.newpark.co.za