NEWPARK REIT LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2015/436550/06)
JSE share code: NRL ISIN: ZAE000212783
(Approved as a REIT by JSE)
("**Newpark**" or "**the Company**" or "**the Group**")

SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 12 MONTHS ENDED 28 FEBRUARY 2019

DIRECTORS' COMMENTARY

Nature of business

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

Property portfolio

Newpark's property portfolio consists of four properties. Two are located in the heart of Sandton, Gauteng, namely the JSE Building which has 18,163 m^2 of gross lettable area ("**GLA**") and an adjoining mixed use property known as 24 Central, which has 15,188 m^2 of GLA. A further property is situated in Linbro Business Park which has 12,387 m^2 of GLA and the fourth property is situated in Crown Mines which has 11,277 m^2 of GLA. The combined valuations of these properties prepared by the registered property valuer are performed annually at the Group's year-end. The latest valuation as at 28 February 2019 was R1,41 billion.

Strategy

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

Commentary on results

The Company's board of directors ("**Board**") is pleased to present the Group's results for the year under review, which are in line with the guidance provided. The Group's results for the 12 month period under review, came under increased pressure impacted by further vacancies in the Group's mixed use asset in Sandton resulting in the Group's vacancies increasing during the period to 15,7% (FY2018: 11,2%). The vacancies, which started to increase during the prior year continued further as a result of a large tenant electing to consolidate its office footprint into their main office space. Expense controls were applied to mitigate the impact of this loss of revenue but could not compensate entirely for the impact on distributable earnings.

The increased vacancies caused the revenue to decline to R127,9 million (FY2018: R136,4 million), a decrease of 6,2%. Besides the vacancies in the mixed use segment, the tenant profile has remained largely the same and no acquisitions or disposals were made during this period.

Distributable earnings

Distributable earnings for the 12 months declined by 18,0% to 43,30 cents per share ("**cps**") (FY2018: 52,80 cps). Accordingly, the Board has declared a final dividend of 18,34951 cps for the six months ended 28 February 2019 (interim dividend for H1 FY2019 24,94859 cps).

Year on year Newpark has increased its net asset value per share to R9,25 from R9,04, an increase of 2%.

SECTORAL SPLIT		
Based on:	**GLA**	**Gross Rentals**
Mixed use (retail and office)	26,6%	31,7%
Office	31,9%	46,2%
Industrial	41,5%	22,1%
	100,0%	**100,0%**

LEASE EXPIRY PROFILE & VACANCIES		
Based on:	**GLA**	**Gross Rentals**
Vacant	15,7%	16,8%
Feb 2020	5,9%	6,8%
Feb 2021	0,2%	0,3%
Feb 2022	3,8%	5,9%
Feb 2023	0,2%	0,4%
Feb 2024	0,3%	0,5%
> Feb 2024	73,9%	69,3%
	100,0%	**100,0%**

Funding

	Amount	Margin
Facilities	**R'000**	
Expiry May 2020	450 000	3-month Jibar+1,95%
Expiry May 2020	50 000	Prime-1,28%
TOTAL	**500 000**	
	Amount	**Hedges of 3-month Jibar**
Hedge instruments	**R'000**	**base-rate**
Hedge 3: rate swap – expires 2020/4/10 (rolls into Hedge 5)	230 000	7,70%
Hedge 4: rate swap – expires 2022/5/31	135 000	8,085%
Hedge 5: rate swap – to start 2020/4/10 / expires 2022/5/31	230 000	7,993%

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

Interest rate and percentage of debt hedged

The all-in weighted average cost of funding is 9,573% (28 February 2018: 9,478%) 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 80% of its exposure hedged.

Summary of financial performance

	28 February 2019	28 February 2018
Shares in issue	100,000,001	100,000,001
Net asset value per share	R9,25	R9,04
Loan-to-value ratio *	31,9%	32,7%
Gross property operating expense ratio	19,4%	19,5%

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

Outlook

Newpark will continue to focus on a disciplined approach to the acquisition of high quality properties that offer meaningful growth in both capital and income. In the year ahead, the emphasis will be on filling the 24 Central vacancy, introducing an appropriately empowered partner into Newpark's shareholder base and searching for acquisitions that offer value.

The Board is mindful of the current pressures experienced by tenants in the mixed-use (retail and office) segment, manifesting in higher than desired vacancies for the short-term. Notwithstanding, over the full year Newpark has budgeted to deliver growth of 6,0% to 8,0% on its 2019 distributions of 43,30 cps and, more importantly, be well positioned for above average growth thereafter.

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

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Audited 28 February 2019 (R'000)	Audited 28 February 2018 (R'000)
Assets			
Non-current assets			
Investment properties	note 4	1 278 334	1 261 766
Straight-line lease asset		111 463	99 984
Lease incentive		14 556	17 203
		1 404 353	**1 378 953**
Current Assets			
Trade and other receivables		3 960	6 182
Lease incentive		2 647	2 647
Receiver of revenue		-	2 273
Cash and cash equivalents		9 141	1 720
Total Current Assets		**15 748**	**12 822**
Total Assets		**1 420 101**	**1 391 775**
Equity and Liabilities			
Equity			
Share capital		619 918	619 918
Reserves		180 412	180 412
Retained income		124 526	103 598
		924 856	**903 928**
Liabilities			
Non-Current Liabilities			
Bank borrowings		458 500	453 400
Derivative financial instruments		8 063	11 050
		466 563	**464 450**
Current liabilities			
Trade and other payables		28 682	23 397
Total Current Liabilities		**28 682**	**23 397**
Total Liabilities		**495 245**	**487 847**
Total Equity and Liabilities		**1 420 101**	**1 391 775**

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12 months ended 28 February 2019 (R'000)	Audited 12 months ended 28 February 2018 (R'000)
Revenue	127 901	136 450
Property operating expenses	(26 612)	(26 571)
Administrative expenses	(5 800)	(6 177)
Net gain from fair value adjustment on investment property	16 903	25 383
Net change in fair value of financial instruments at fair value through profit or loss	2 987	(7 972)
Operating profit	**115 379**	**121 113**
Finance income	1 235	1 884
Finance costs	(44 592)	(45 639)
Profit before taxation	**72 022**	**77 358**
Taxation	-	2 428
Profit for the period	**72 022**	**79 786**
Other comprehensive income	-	-
Total comprehensive income	**72 022**	**79 786**
Earnings per share information (cents per share)		
Basic earnings per share note 5	72,02	79,79
Diluted earnings per share note 5	72,02	79,79

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (R'000)	Share issue costs (R'000)	Total share capital (R'000)	Capital reorganisation reserve (R'000)	Retained income (R'000)	Total equity (R'000)
Audited						
Balance at 1 March 2017	**625 000**	**(5 082)**	**619 918**	**180 412**	**75 024**	**875 354**
Profit for the period	-	-	-	-	79 786	79 786
Dividend distributions to owners of company recognised directly in equity	-	-	-	-	(51 212)	(51 212)
Balance at 1 March 2018	**625 000**	**(5 082)**	**619 918**	**180 412**	**103 598**	**903 928**
Audited						
Profit for the period	-	-	-	-	72 022	72 022
Dividend distributions to owners of company recognised directly in equity	-	-	-	-	(51 094)	(51 094)
Balance at 28 February 2019	**625 000**	**(5 082)**	**619 918**	**180 412**	**124 526**	**924 856**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 12 months ended 28 February 2019 (R'000)	Audited 12 months ended 28 February 2018 (R'000)
Cash flows from operating activities		
Cash generated from operations	94 535	96 000
Finance income	1 235	1 884
Finance costs	(44 592)	(45 639)
Tax received	2 273	-
Net cash generated from operating activities	**53 451**	**52 245**
Cash flows from investing activities		
Purchase of furniture and fittings	(36)	(2 578)
Net cash utilised by investing activities	**(36)**	**(2 578)**
Cash flows from financing activities		
Dividends paid	(51 094)	(51 212)
Bank borrowings advanced	5 100	-
Bank borrowings repaid	-	(47 481)
Net cash utilised by financing activities	**(45 994)**	**(98 693)**
Total cash and cash equivalent movement for the period	**7 421**	**(49 026)**
Cash and cash equivalents at beginning of period	1 720	50 746
Total cash and cash equivalents at end of period	**9 141**	**1 720**
Additional info on cash flow:		
Cash generated from operations before working capital changes	87 030	94 562
Working capital changes	7 505	1 438
Cash generated from operations	**94 535**	**96 000**

SIGNIFICANT FINANCIAL STATEMENT NOTES

1. **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

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

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

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

The summarised audited consolidated financial statements for the twelve months ended 28 February 2019 have been extracted from audited information but are not themselves audited. The directors of Newpark take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying audited consolidated financial statements. The annual financial statements were audited by BDO South Africa Inc. and an unmodified audit opinion has been issued on the audited consolidated financial statements for the financial year ended 28 February 2019. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying audited consolidated financial statements, both of which are available for inspection at Newpark's registered office.

2. New Standards and interpretations adopted in the current financial period

IFRS 15 – Revenue from contracts with customers
The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

The effective date of the standard is for years beginning on or after 1 January 2018.

The Group has adopted the interpretation for the first time in the 2019 annual financial statements. The amendment did not have a material impact on the Group's consolidated financial statements.

Amendment to IFRS 15 – Revenue from contracts with customers
The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself.
The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation).

The effective date of the standard is for years beginning on or after 1 January 2018.

The Group has adopted the interpretation for the first time in the 2019 annual financial statements. The amendment did not have a material impact on the Group's consolidated financial statements.

IFRS 9 Financial Instruments
This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

The effective date of the standard is for years beginning on or after 1 January 2018.

The Group has adopted the standard for the first time in the 2019 annual financial statements.

The standard impacted the impairment of financial assets of the group as follows:

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the company to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets in certain circumstances. The amendment did not have a material impact on the Group's consolidated financial statements.

3. SEGMENTAL ANALYSIS

Segmental information

At 28 February 2019, the Group is organised into three main operating segments:

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

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

28 February 2019 (audited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Revenue	40 531	56 576	30 794	-	127 901
Property operating expenses	(23 555)	-	(3 057)	-	(26 612)
Administrative expenses	-	-	-	(5 800)	(5 800)
Fair value adjustment	(44 466)	46 600	14 769	2 987	19 890
Operating profit	**(27 490)**	**103 176**	**42 506**	**2 813**	**115 379**

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

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

28 February 2019 (audited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Investment property	419 946	620 752	237 636	-	1 278 334
Straight-line lease asset	2 054	84 045	25 364	-	111 463
Lease incentive	-	17 203	-	-	17 203
Trade & other receivables	3 960	-	-	-	3 960
Cash & cash equivalents	-	-	-	9 141	9 141
	425 960	**722 000**	**263 000**	**9 141**	**1 420 101**

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

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

28 February 2019 (audited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Bank borrowings	-	-	-	458 500	458 500
Derivative financial instruments	-	-	-	8 063	8 063
Trade and other payables	2 416	14 727	485	11 053	28 682
	2 416	**14 727**	**485**	**477 616**	**495 245**

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

Distributable income		Audited 12 months ended 28 February 2019 (R'000)	Audited 12 months ended 28 February 2018 (R'000)
Headline earnings	(refer note 5)	55 119	54 403
Adjusted for:			
Change in fair value of investment property as a result of amortisation of straight-line lease asset and tax thereof		(11 479)	(12 226)
Change in fair value of investment property as a result of amortisation of lease incentive and tax thereof		2 647	2 647
Fair value adjustment of financial derivative instruments and the tax thereof		(2 987)	7 972
		43 300	**52 796**
Actual number of ordinary shares in issue ('000)		100 000	100 000
Reconciliation to dividend per share:			
Distributable income per share (cents per share)		**43,30**	**52,80**
- Interim dividend per share		**24,95**	**26,65**
- Final dividend per share		**18,35**	**26,15**

4. Investment properties

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

	Audited 28 February 2019 (R'000)			Audited 28 February 2018 (R'000)		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Investment property	1 276 421	-	1 276 421	1 259 518	–	1 259 518
Furniture and fittings	3 947	(2 034)	1 913	3 911	(1 663)	2 248
Total	**1 280 368**	**(2 034)**	**1 278 334**	**1 263 429**	**(1 663)**	**1 261 766**

Reconciliation of investment properties – 28 February 2019

	Opening balance	Additions	Fair value adjustments	Depreciation	Closing balance
Investment property	1 259 518	-	16 903	-	1 276 421
Furniture and fittings	2 249	36	-	(372)	1 913
Total	**1 261 766**	**36**	**16 903**	**(372)**	**1 278 334**

Reconciliation of investment properties - 28 February 2018

	Opening balance	Additions	Fair value adjustments	Depreciation	Closing balance
Investment property	1 231 629	2 505	25 383	-	1 259 518
Furniture and fittings	2 617	72	-	(440)	2 248
Total	**1 234 246**	**2 578**	**25 383**	**(440)**	**1 261 766**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

	28 February 2019 (R'000)	28 February 2018 (R'000)
JSE Building		
Portion 25 of Erf 7 Sandown Johannesburg, South Africa		
-Purchase price	18 070	18 070
-Fair value adjustment	602 682	556 081
-Straight-line of lease asset	84 045	77 999
-Lease-incentive	17 203	19 850
	722 000	**672 000**
24 Central		
Portion 20 of Erf 7 Sandton Township, registration division IR, Province of Gauteng		
-Purchase price	238 000	238 000
-Fair value adjustment	176 808	221 274
-Straight-line of lease asset	2054	252
-Net capitalised expenditure	5 138	5 474
	422 000	**465 000**
Linbro Park		
Portion 3 of Erf 9 Frankenwald Ext3 Johannesburg, South Africa		
-Purchase price	127 858	127 858
-Fair value adjustment	12 350	4 562
-Straight-line of lease asset	20 094	18 482
-Net capitalised expenditure	698	698
	161 000	**151 600**
Crown Mines		
Erven 1 and 2 Crown City Extension 1		
-Purchase price	85 044	85 044
-Fair value adjustment	11 686	4 705
-Straight-line of lease asset	5 270	3 251
	102 000	**93 000**

	28 February 2019 (R'000)	28 February 2018 (R'000)
Fair value of investment property for accounting purposes		
Opening fair value of property assets	1 381 600	1 344 500
Gross fair value adjustment on investment property	16 903	25 383
Additions to furniture and fittings	36	2 578
Depreciation	(372)	(440)
Straight-line lease asset and lease incentive movement	8 833	9 579
Property valuation	**1 407 000**	**1 381 600**
Less: straight-line lease income adjustment	(111 463)	(99 984)
Less: lease incentive receivable	(17 203)	(19 850)
Closing carrying value of property assets	**1 278 334**	**1 261 766**

Securities

Mortgage bonds at a nominal value of R500 000 000 (February 2018: R500 000 000) have been registered over investment properties with a fair value of R1 278 333 718 (February 2018: R1 261 766 278) as security for interest bearing liabilities.

Details of valuation

The properties were last valued on 28 February 2019 using the discounted cash flow of future income streams method. The valuations of the properties were performed by a registered valuer, Peter Parfitt of Quadrant Properties Proprietary Limited, who is a registered valuer in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000.

At 28 February 2019, the key assumptions and unobservable inputs used by the Company in determining fair value were as follows:

These assumptions are based on current market conditions.

	Mixed use	**Office**	**Industrial**
Discount rate	14,75%	14,25%	15,00%
Exit capitalisation rate	9,24%	8,75%	10,00%
Capitalised rate	8,75%	8,25%	9,00%

Measurement of fair value

Valuation techniques:

Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental and expense growth rates, vacant periods, lease incentive costs such as rent-free periods and other costs not recovered from tenants. The expected net cash flows are discounted using a discount rate. The discount rate applied is derived using an appropriate capitalisation rate and adding a growth rate based on market-related rentals, testing this for reasonableness by comparing the resultant Rand rate per m^2 against comparative sales of similar properties in similar locations. Amongst other factors, the capitalisation rate estimation considers the quality of the property, its location, the tenants' credit quality and their lease terms.

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

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

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

5. Earnings per share

	Audited 12 months ended 28 February 2019	Audited 12 months ended 28 February 2018
Basic earnings per share		
Profit attributable to shareholders (R'000)	72 022	79 786
Weighted average number of ordinary shares in issue ('000)	100 000	100 000
Basic earnings per share (cents per share)	**72,02**	**79,79**
Diluted earnings per share		
There are no dilutive instruments in issue		
Profit attributable to shareholders (R'000)	72 022	79 786
Weighted average number of ordinary shares in issue ('000)	100 000	100 000
Basic diluted earnings per share (cents per share)	**72,02**	**79,79**
Headline earnings per share		
Profit attributable to shareholders (R'000)	72 022	79 786
Adjusted for:		
Change in fair value of investment property and tax thereof (R'000)	**(16 903)**	(25 383)
	55 119	**54 403**
Weighted average number of ordinary shares in issue ('000)	100 000	100 000
Headline earnings per share (cents per share)	**55,12**	**54,40**

6. Payment of final dividend

The Board has approved and notice is hereby given of the final gross dividend of 18,34951 cents per share for the year ended 28 February 2019.

The dividend is payable to Newpark's shareholders in accordance with the timetable set out below:	2019
Last date to trade *cum* dividend:	Tuesday, 11 June
Shares trade *ex* dividend:	Wednesday, 12 June
Record date:	Friday, 14 June
Payment date:	Tuesday, 18 June

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 June 2019 and Friday, 14 June 2019, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/broker accounts on Tuesday, 18 June 2019. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Tuesday, 18 June 2019.

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

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

a) a declaration that the dividend is exempt from dividends tax; and

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

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

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any dividends received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 14,67961 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder, has submitted the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

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

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

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

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

7. Events after the reporting period

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

8. Related parties

	28 February 2019 (R'000)	28 February 2018 (R'000)
Professional services – Capensis Real Estate (Pty) Ltd (SP Fifield is a director)	**1 197**	1 129
Professional services – WellCapital (Pty) Ltd (JAI Ferreira is a director)	**475**	448

By order of the board.

Simon Fifield
Chief Executive Officer

Dries Ferreira
Financial Director

Johannesburg
22 May 2019

DIRECTORS
G D Harlow (Chairman) **, S P Fifield (Chief Executive Officer), J A I Ferreira (Financial Director), B D van Wyk *, D T Hirschowitz*, KM Ellerine*, H C Turner **, D I Sevel ** S Shaw-Taylor**
* Non-executive director ** Independent non-executive director

There were no changes to the Board during the period under review.

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

WEBSITE
www.newpark.co.za

COMPANY SECRETARY
CIS Company Secretaries Proprietary Limited

TRANSFER SECRETARY
Computershare Investor Services Proprietary Limited

DESIGNATED ADVISOR
Java Capital