

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")

**CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2018****DIRECTORS' COMMENTARY****Nature of business**

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

Property portfolio

Newpark's property portfolio consists of four properties. Two are located in the heart of Sandton, Gauteng, namely the JSE Building which has 18,163 m² of gross lettable area ("**GLA**") and an adjoining property known as 24 Central, which has 15,656 m² of GLA. A further property is situated in Linbro Business Park which has 12,317 m² of GLA and the fourth property is situated in Crown Mines which has 11,277 m² 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 2018 was R1.38 billion.

Strategy

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

Commentary on results

The Group's results for the six month period under review came under increased pressure impacted by further vacancies in the Group's mixed use asset in Sandton, 24 Central, resulting in the Group's vacancies increasing during the period to 17.4% (FY2018: 11.2%; prior comparable period H1 FY2018: 4.8%). The vacancies, which started to increase during the six months to 28 February 2018 continued further with a large tenant decided 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 R67.0 million (H1 FY2018: R71.1 million), a decrease of 5.8%. Besides the vacancies at 24 Central, the tenant profile has remained largely the same and no acquisitions or disposals were made during this period.

Distributable earnings

Distributable earnings for the six months to 31 August 2018 declined by 6.4% to 24.95 cents per share (H1 FY2018: 26.65 cents per share). Accordingly, the board of directors ("the Board") has declared an interim dividend of 24.94859 cents per share.

SECTORAL SPLIT

Based on:	GLA	Gross Rentals
Mixed use (retail and office)	8.8%	11.9%
Office	50.1%	67.5%
Industrial	41.1%	20.6%
	100.0%	100.0%

LEASE EXPIRY PROFILE & VACANCIES		
Based on:	GLA	Gross Rentals
Vacant	17.4%	21.5%
Feb 2019	1.7%	2.8%
Feb 2020	4.7%	4.6%
Feb 2021	0.2%	0.3%
Feb 2022	3.1%	6.0%
Feb 2023	0.0%	0.0%
> Feb 2023	72.9%	64.8%
	100.0%	100.0%

Funding

	Amount R'000	Margin
Facilities		
Expiry May 2020 (facility 1A)	450 000	3-month Jibar+1.95% [9.542%]
Expiry May 2020 (facility 1B)	50 000	Prime-1.28% [8.970%]
TOTAL	500 000	
Hedge instruments		
	Amount R'000	Hedges of 3-month Jibar base-rate
Hedge 1: rate swap – amended on 2017/6/30, replaced by Hedge 4	135 000	8.52%
Hedge 2: rate cap – expires 2019/1/18	135 000	8.52%
Hedge 3: rate swap – expires 2020/4/10 (rolls into Hedge 5)	230 000	7.70%
Hedge 4: rate swap – started 2017/6/30 / expires 2022/5/31	135 000	8.085%
Hedge 5: rate swap – to start 2020/4/10 / expires 2022/5/31	135 000	7.993%

Interest rate & Percentage of debt hedged

The all-in weighted average cost of funding is 9.542% (28 February 2018: 9.478%) and the average hedge-term is 1.8 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

	31 August 2018	31 August 2017	28 February 2018
Shares in issue	100,000,001	100,000,001	100,000,001
Net asset value per share	R9.19	R8.75	R9.04
Loan-to-value ratio *	32.2%	33.3%	32.7%
Gross property operating expense ratio	16.1%	17.0%	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

As a result of the increased vacancies in the Group's mixed use segment the Board has decided to revise the outlook for distributable earnings performance for the full year ending 28 February 2019 downwards from an increase in distributable earnings of between 6.0% and 8.0% to a decrease in distributable earnings of between 6.0% and 8.0% compared with the 12 months ended 28 February 2018. The outlook for FY2019 previously communicated to the market is no longer expected to be achievable due to the changes in market conditions and the direct impact this had on the Group's vacancy profile. The board remains 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.

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

The revised forecast is based on no further material vacancies at 24 Central and the assumption that a stable macro-economic environment will prevail, no material tenant default will occur, operating cost increases will not exceed inflation and no changes will be made to the property portfolio. This forecast has not been audited or reviewed by the Company's auditors.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 31 August 2018 (R'000)	Unaudited 31 August 2017 (R'000)	Audited 28 February 2018 (R'000)
Assets				
Non-current assets				
Investment properties	note 3	1 261 620	1 235 407	1 261 766
Straight-line lease asset		107 831	95 580	99 984
Lease incentive		15 879	18 526	17 203
		1 385 330	1 349 513	1 378 953
Current Assets				
Trade and other receivables		8 704	7 754	6 182
Straight-line lease asset		210	1 080	-
Lease incentive		2 647	2 647	2 647
Receiver of revenue		-	-	2 273
Cash and cash equivalents		7 618	49 723	1 720
Total Current Assets		19 179	61 204	12 822
Total Assets		1 404 509	1 410 717	1 391 775
Equity and Liabilities				
Equity				
Share capital		619 918	619 918	619 918
Reserves		180 412	180 412	180 412
Retained income		118 550	74 980	103 598
		918 880	875 310	903 928
Liabilities				
Non-Current Liabilities				
Bank borrowings		454 000	500 000	453 400
Derivative financial instruments		1 634	12 723	11 050
		455 634	512 723	464 450
Current liabilities				
Trade and other payables		29 995	22 684	23 397
Total Current Liabilities		29 995	22 684	23 397
Total Liabilities		485 629	535 407	487 847
Total Equity and Liabilities		1 404 509	1 410 717	1 391 775

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 31 August 2018 (R'000)	Unaudited 6 months ended 31 August 2017 (R'000)	Audited 12 months ended 28 February 2018 (R'000)	
Revenue	66 974	71 086	136 450	
Property operating expenses	(10 806)	(12 051)	(26 571)	
Administrative expenses	(2 932)	(2 944)	(6 177)	
Net gain from fair value adjustment on investment property	-	-	25 383	
Net change in fair value of financial instruments at fair value through profit or loss	9 416	(9 645)	(7 972)	
Operating profit	62 652	46 446	121 113	
Finance income	790	1 438	1 884	
Finance costs	(22 344)	(23 521)	(45 639)	
Profit before taxation	41 098	24 363	77 358	
Taxation	-	155	2 428	
Profit for the period	41 098	24 518	79 786	
Other comprehensive income	-	-	-	
Total comprehensive income	41 098	24 518	79 786	
Earnings per share information (cents per share)				
Basic earnings per share	note 4	41.10	24.52	79.79
Diluted earnings per share	note 4	41.10	24.52	79.79

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (R'000)	Share issue costs (R'000)	Total share capital (R'000)	Capital reorganisation reserve (R'000)	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
Costs associated with issue of shares	-	-	-	-	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
Unaudited						
Profit for the period	-	-	-	-	41 098	41 098
Dividend distributions to owners of company recognised directly in equity	-	-	-	-	(26 146)	(26 146)
Balance at 31 August 2018	625 000	(5 082)	619 918	180 412	118 550	918 880

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 31 August 2018 (R'000)	Unaudited 6 months ended 31 August 2017 (R'000)	Audited 12 months ended 28 February 2018 (R'000)
Cash flows from operating activities			
Cash generated from operations	50 760	47 885	96 000
Finance income	790	1 438	1 884
Finance costs	(22 344)	(23 521)	(45 639)
Tax received	2 274	-	-
Net cash from operating activities	31 480	25 802	52 245
Cash flows from investing activities			
Purchase of furniture and fittings	(36)	(1 381)	(2 578)
Net cash from investing activities	(36)	(1 381)	(2 578)
Cash flows from financing activities			
Dividends paid	(26 146)	(24 562)	(51 212)
Bank borrowings advanced	600	-	-
Bank borrowings repaid	-	(882)	(47 481)
Net cash from financing activities	(25 546)	(25 444)	(98 693)
Total cash and cash equivalent movement for the period	5 898	(1 023)	(49 026)
Cash and cash equivalents at beginning of period	1 720	50 746	50 746
Total cash and cash equivalents at end of period	7 618	49 723	1 720
Additional info on cash flow:			
Cash generated from operations before working capital changes	46 685	48 733	94 562
Working capital changes	4 075	(848)	1 438
Cash generated from operations	50 760	47 885	96 000

SIGNIFICANT FINANCIAL STATEMENT NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed unaudited consolidated financial statements for the six months ended 31 August 2018 have been prepared in accordance with the requirements of the JSE Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa. The JSE Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

The condensed unaudited consolidated financial statements were compiled by Dries Ferreira CA(SA), the Company's financial director.

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

The directors take full responsibility for the preparation of this interim condensed report. These condensed unaudited consolidated interim financial statements have not been reviewed by the Company's auditors.

2. SEGMENTAL ANALYSIS

Segmental information

At 31 August 2018, 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.

31 August 2018 (unaudited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Revenue	23 348	28 246	15 380	-	66 974
Property operating expenses	(9 293)	-	(1 513)	-	(10 806)
Administrative expenses	-	-	-	(2 932)	(2 932)
Net change in fair value of financial instruments at fair value through profit or loss	-	-	-	9 416	9 416
Operating profit	14 055	28 246	13 867	6 484	62 652

31 August 2017 (unaudited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Revenue	27 443	28 235	15 408	-	71 086
Property operating expenses	(10 461)	-	(1 590)	-	(12 051)
Administrative expenses	-	-	-	(2 944)	(2 944)
Net change in fair value of financial instruments at fair value through profit or loss	-	-	-	(9 645)	(9 645)
Operating profit	16 981	28 235	13 818	(12 589)	46 446

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.

31 August 2018 (unaudited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Investment property	464 601	574 152	222 867	-	1 261 620
Straight-line lease asset	2 039	82 072	23 930	-	108 041
Lease incentive	-	18 526	-	-	18 526
Trade & other receivables	8 699	-	5	-	8 704
Cash & cash equivalents	-	-	-	7 618	7 618
	475 339	674 750	246 802	7 618	1 404 509

31 August 2017 (unaudited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Investment property	488 637	531 603	215 167	-	1 235 407
Straight-line lease asset	3 465	73 920	19 275	-	96 660
Lease incentive	-	21 173	-	-	21 172
Trade & other receivables	7 705	-	50	-	7 755
Cash & cash equivalents	-	-	-	49 723	49 723
	499 807	626 696	234 491	49 723	1 410 717

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.

31 August 2018 (unaudited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Bank borrowings	–	–	–	454 000	454 000
Derivative financial instruments	–	–	–	1 634	1 634
Trade and other payables	3 819	8 629	–	17 547	29 995
	3 819	8 629	–	473 181	485 629

31 August 2017 (unaudited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Bank borrowings	–	–	–	500 000	500 000
Derivative financial instruments	–	–	–	12 723	12 723
Trade and other payables	4 299	16 265	331	1 788	22 684
	4 299	16 265	331	514 511	535 407

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	Unaudited 6 months ended 31 August 2018 (R'000)	Unaudited 6 months ended 31 August 2017 (R'000)	Audited 12 months ended 28 February 2018 (R'000)
Headline earnings (refer note 4)	41 098	24 518	54 403
Adjusted for:			
Change in fair value of investment property as a result of amortisation of straight-line lease asset and tax thereof	(8 057)	(8 902)	(12 226)
Change in fair value of investment property as a result of amortisation of lease incentive and tax thereof	1 323	1 323	2 647
Fair value adjustment of financial derivative instruments and the tax thereof	(9 416)	9 645	7 972
Deferred tax and other non-cash movements	–	66	–
	24 949	26 650	52 796
Actual number of ordinary shares in issue ('000)	100 000	100 000	100 000
Reconciliation to dividend per share:			
Distributable income per share (cents per share)	24,95	26,65	52,80
- Interim dividend per share	24,95	26,65	26,65
- Final dividend per share	n/a	n/a	26,15

3. Investment properties

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

	Unaudited 31 August 2018 (R'000)			Audited 28 February 2018 (R'000)		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Investment property	1 259 518	-	1 259 518	1 259 518	-	1 259 518
Furniture and fittings	3 947	(1 845)	2 102	3 911	(1 663)	2 248
Total	1 263 465	(1 845)	1 261 620	1 263 429	(1 663)	1 261 766

Reconciliation of investment properties – 31 August 2018

	Opening balance	Additions	Fair value adjustments	Depreciation	Closing balance
Investment property	1 259 518	-	-	-	1 259 518
Furniture and fittings	2 249	36	-	(182)	2 102
Total	1 261 766	36	-	(182)	1 261 620

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.

	31 August 2018 (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	556 081	556 081
-Straight-line of lease asset	82 072	77 999
-Lease-incentive	18 526	19 850
	674 750	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	221 274	221 274
-Straight-line of lease asset	2 039	252
-Net capitalised expenditure	5 327	5 474
	466 640	465 000
Linbro Park		
Portion 3 of Erf 9 Frankenwald Ext3 Johannesburg, South Africa		
-Purchase price	127 858	127 858
-Fair value adjustment	4 562	4 562
-Straight-line of lease asset	19 525	18 482
-Net capitalised expenditure	698	698
	152 643	151 600
Crown Mines		
Erven 1 and 2 Crown City Extension 1		
-Purchase price	85 044	85 044
-Fair value adjustment	4 705	4 705
-Straight-line of lease asset	4 405	3 251
	94 155	93 000

Fair value of investment property for accounting purposes

Opening fair value of property assets
Gross fair value adjustment on investment property
Additions to furniture and fittings
Depreciation
Straight-line lease asset and lease incentive movement

Property valuation

Less: straight-line lease income adjustment
Less: lease incentive receivable

Closing carrying value of property assets

	31 August 2018 (R'000)	28 February 2018 (R'000)
Opening fair value of property assets	1 381 600	1 344 500
Gross fair value adjustment on investment property	-	25 383
Additions to furniture and fittings	36	2 578
Depreciation	(182)	(440)
Straight-line lease asset and lease incentive movement	6 733	9 579
Property valuation	1 388 187	1 381 600
Less: straight-line lease income adjustment	(108 041)	(99 984)
Less: lease incentive receivable	(18 526)	(19 850)
Closing carrying value of property assets	1 261 620	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 261 620 048 (February 2018: R1 261 766 278) as security for interest bearing liabilities.

Details of valuation

The properties were last valued on 28 February 2018 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.

Refer to the annual financial statements as at 28 February 2018 for the details relating to the year-end valuation.

4. Earnings per share

	Unaudited 6 months ended 31 August 2018	Unaudited 6 months ended 31 August 2017	Audited 12 months ended 28 February 2018
Basic earnings per share			
Profit attributable to shareholders (R'000)	41 098	24 518	79 786
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
Basic earnings per share (cents per share)	41,10	24,52	79,79
Diluted earnings per share			
There are no dilutive instruments in issue			79 786
Profit attributable to shareholders (R'000)	41 098	24 518	
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
Basic diluted earnings per share (cents per share)	41,10	24,52	79,79
Headline earnings per share			
Profit attributable to shareholders (R'000)	41 098	24 518	79 786
Adjusted for:			
Change in fair value of investment property and tax thereof (R'000)	-	-	(25 383)
	41 098	24 518	54 403
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
Headline earnings per share (cents per share)	41,10	24,52	54,40

5. Payment of interim dividend

The board has approved and notice is hereby given of the interim gross dividend of 24.94859 cents per share for the six months ended 31 August 2018.

The dividend is payable to Newpark's shareholders in accordance with the timetable set out below:	2018
Last date to trade <i>cum</i> dividend:	Tuesday, 30 October
Shares trade <i>ex</i> dividend:	Wednesday, 31 October
Record date:	Friday, 2 November
Payment date:	Monday, 5 November

Share certificates may not be dematerialised or rematerialised between Wednesday, 31 October 2018 and Friday, 2 November 2018, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/broker accounts on Monday, 5 November 2018. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 5 November 2018.

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

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

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

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

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any dividends received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 19.95887 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder, has submitted the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

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

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

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

6. Events after the reporting period

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

7. Related parties

	31 August 2018 (R'000)	28 February 2018 (R'000)
Professional services – Capensis Real Estate (Pty) Ltd (SP Fifield is a director)	598	1 129
Professional services – WellCapital (Pty) Ltd (JAI Ferreira is a director)	237	448

By order of the board.

Simon Fifield
Chief Executive Officer

Dries Ferreira
Financial Director

Johannesburg
10 October 2018

DIRECTORS

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

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

There were no changes to the board of directors 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