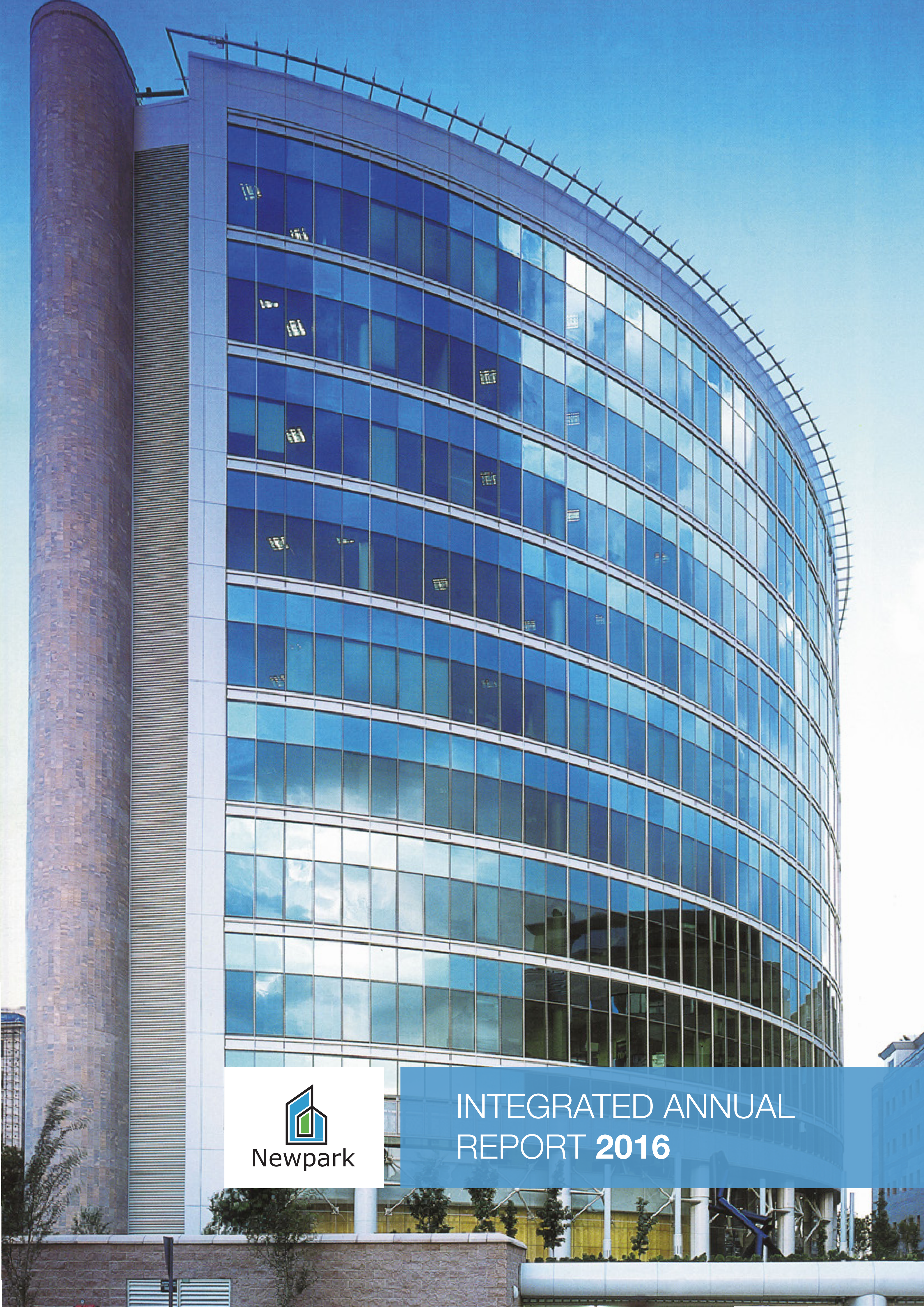


Newpark

INTEGRATED ANNUAL REPORT **2016**

CONTENTS


CHAMPION THE MATCH
Heineken
open your world
Not For Sale to Persons Under the Age of 18. Drink Responsibly.
24
CENTRAL
parking

NEWPARK
REIT

Newpark is a South African-based REIT focused on investing in A-Grade properties in prime locations offering superior capital and rental growth. The portfolio currently comprises the JSE building and the neighbouring 24 Central. Both properties are long term capital assets of significant value with upside capital growth potential.

AT A GLANCE

Two quality properties in the Sandton CBD

33 247m² GLA

Incorporated as a public company on 7 December 2015

R1.06 billion portfolio

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

R62.5 million raised on listing

FINANCIAL HIGHLIGHTS FY 2016

29 February 2016	
Shares in issue	100 000 001
Net asset value per share	R7.91
Loan-to-value ratio *	22.3%
Gross property operating expense ratio	34.9%

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

ABOUT THIS REPORT

Key data

Newpark REIT Limited
Registration number: 2015/436550/06
JSE share code: NRL
ISIN: ZAE000212783

Newpark is pleased to present its first integrated annual report to shareholders and stakeholders for the one-month period from the date of listing on the JSE's AltX, 3 February 2016, to year-end 29 February 2016. Newpark was registered and incorporated as a public company on 7 December 2015.

Newpark owns two prime commercial properties, the JSE building and the adjacent 24 Central, through its wholly owned subsidiary Newpark Towers. Newpark acquired subsidiary Newpark Towers effective 1 February 2016. The properties have been owned and operated by Newpark Towers for several years. Property management for 24 Central is outsourced to JHI.

This integrated annual report is primarily aimed at shareholders and providers of capital. The integrated annual 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 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 board of directors have considered the non-financial performance of the group. Given the size of the company, the limited number of direct employees and that the report covers the one-month period since listing, the board does not deem these aspects material at present. With regard to reporting on the financial performance of the group, although Newpark REIT only acquired Newpark Towers and its assets at the time of listing, Newpark Towers' full year results have been included in the report and Annual Financial Statements.

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, of South Africa
- JSE Listings Requirements
- King Report on Corporate Governance and
- Consideration of certain principles contained in the International Integrated Reporting Council's Integrated Reporting IIRC Framework

Assurance

The company's external auditor, PricewaterhouseCoopers Inc., has provided assurance on the annual financial statements and expressed an unqualified audit opinion. The financial statements have been prepared under the supervision of Ron Hill, the financial director of Newpark. The content of the integrated annual report has been reviewed by the board and 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, Ron Hill. They can be contacted at 51 West Street, Houghton Estate, Houghton, Johannesburg or on tel: 011 282 1270. The company's independent non-executive chairman is Gary Harlow. For additional contact details please see page 94. Newpark welcomes feedback and any suggestions for the company's future reports. Please forward any comments to Simon Fifield.

Forward-looking statements

This 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.

Statement of responsibility

The audit and risk committee and the board acknowledge their responsibility to ensure the integrity of this integrated annual report. The annual financial statements included in this integrated annual report have been audited by the external auditors.

Gary Harlow *Chairman*	**Simon Fifield** *CEO*	**Howard Turner** *Chairman Audit and Risk Committee*

GROUP OVERVIEW

Newpark is a property holding and investment company focused on well-situated A-grade commercial properties.

It currently holds a R1.06 billion portfolio, comprising two prime commercial and office buildings in the Sandton CBD 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. Property management for 24 Central is outsourced to JHI.

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

Governance structure

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 nomination committee.

Newpark REIT Board

Executive Directors
Simon Fifield (CEO)
Ron Hill (FD)

Independent Non-Executive Directors
Gary Harlow (Chairman)
Howard Turner
David Sevel

Non-Executive Directors
Dionne Ellerine
Kevin Ellerine
Barry van Wyk

Audit and Risk Committee
Howard Turner (Chairman)
Gary Harlow
David Sevel

Investment Committee
Gary Harlow (Chairman)
Barry van Wyk
Dionne Ellerine
Kevin Ellerine

Remuneration Committee
David Sevel (Chairman)
Howard Turner
Dionne Ellerine

Social and Ethics Committee
Howard Turner (Chairman)
David Sevel
Kevin Ellerine

Newpark currently holds a **R1.06 billion** portfolio and is looking to acquire more assets

Group and operational structure

Newpark REIT Limited

Newpark Towers Proprietary Limited (100% ownership)

- The JSE Building
- 24 Central

PROPERTY FOCUS

In the heart of Sandton lies a stylish complex with something for everyone. You guessed right…24Central – the place to be.

DIRECTORATE
EXECUTIVE AND NON-EXECUTIVE

Executive Directors

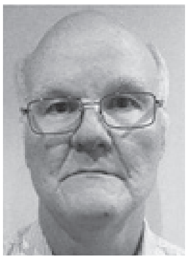
Simon Peter Fifield (40)

BSc Survey, MSc Survey, CFA Charterholder

CEO

Appointed: 7 January 2016

Simon is a founder of RMB Westport, a real estate development fund focused on property development in sub-Saharan Africa (excluding SA), and focuses on strategy, capital raising and exits. Prior to assuming a full time position at RMB Westport, Simon worked for 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.



Ronnie Ralph Hill (57)

B Com, Hons B Compt

Financial director

Appointed: 7 January 2016

Ron completed his Articles of Clerkship with Deloitte's in 1984. From 1987 to 1997, he was Financial Director of a subsidiary of the Waltons Stationery Group and, following the Bidvest takeover in 1997, he was appointed Divisional Financial Director of three trading entities until 2006. From 2006 to the present, Ron has been the financial manager of the Ellerine Bros group of companies and related entities, which have significant investments in property, managing the financial reporting of all the companies and related entities.

Independent Non-executive Directors

Gary David Harlow (59)

BBusSci (Hons) (UCT), FCMA, CGMA, CA (SA)

Chairman, Independent non-executive director

Appointed: 7 January 2016

Gary graduated from the University of Cape Town in 1979, qualifying as a Chartered Accountant (SA) in 1982, an Associate of the Chartered Institute of Management Accountants (UK) in 1983 and as a Fellow of the Institute of Chartered Management Accountants (UK) in 1996. He forged his early career in merchant banking and was a founding director of Thebe Investment Corporation in 1992, one of South Africa's first prominent black owned investment companies. He was appointed group chief executive officer of Unihold Limited, a listed industrial, IT and telecommunications group in 1996. In 2001, he lead a management buy-out and delisting of Unihold. Gary remains executive chairman of the group, with its primary focus now on commercial and industrial property. Gary has served on numerous private and public company boards. He is an independent non-executive director of Blue Label Telecoms Limited and Chairman of the investment committee.

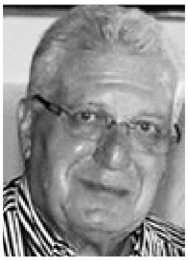
Howard Charles Turner (73)

CA(SA) SEP (Stanford)

Independent non-executive director

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 his role in 2004. Howard was also a member of the board of Consol Limited and chairman of the audit and corporate governance committee. He was the chairman of the board of the Automobile Association of South Africa from 2007 to 2015 and was the chairman of the board of Iliad Africa Limited from 2005 to 2013.



David Ivor Sevel (66)

PLE

Independent non-executive director
Appointed: 7 January 2016

David is a managing member of Zenagis Properties 1002 CC (1985 to present). He has been involved in all aspects of the property market for the last 30 years, including broking, letting and developments, working nationally with independent clients as well as listed funds.

Non-executive Directors

Dionne Traci Hirschowitz (née Ellerine) (48)

B Com LLB

Non-executive director
Appointed: 7 December 2015

Dionne has a B Com LLB from Wits 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 (47)

National Diploma in company administration

Non-executive director
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 (50)

CA(SA)

Non-executive director
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.

PORTFOLIO OVERVIEW

Sectoral profile

Based on GLA	
Office	**85%**
Retail	**15%**

Based on gross rental	
Office	**84%**
Retail	**16%**

Tenant profile based on GLA	
A	**82%**
B	**7%**
C	**11%**

Vacancy profile based on gross rental	
Office	**0%**
Retail	**0%**

A-grade tenants include

The JSE Limited, Nedbank Limited, Saudi Arabian Airlines Inc, Vida E Café Proprietary Limited, IBM South Africa Proprietary Limited and MTN Proprietary Limited.

B-grade tenants include

News Café, Motrade 169 Proprietary Limited (Koi) and Central Lake Trading 293 Proprietary Limited (Baron).

C-grade tenants include

TP South Africa Trading, Thirty Four Degrees South Marketing Proprietary Limited, Club Sublime CC (Taboo), Juju Lounge CC (Cocoon), Siminox Proprietary Limited, Wolfpack, Rockets Express, ATM Solutions Proprietary Limited and Boo Media

Lease expiry profile

(unaudited)

	Based on GLA	Based on gross rentals
Vacant		
Feb 2017	8.44%	3.52%
Feb 2018	13.98%	10.69%
Feb 2019	13.00%	10.02%
Feb 2020	6.99%	6.14%
> Feb 2020	57.59%	69.63%
	100%	**100%**

Segmental analysis

Property name	Physical address	Sector	Weighted average rental per m² (R/m²)	Rentable area (GLA m²)	Vacancy (% of rentable area)	Valuation as at 29 February 2016 (R)
JSE Building	One Exchange Square, 2 Gwen Lane, Johannesburg, 2000	Office	*	18 163.00	0.00	591 560 810
24 Central	6 Gwen Lane, Sandown, Sandton, 2196	Office and Retail	186.045	15 083.92	0.00	473 439 190
Total				**33 246.92**	**0.00**	**1 065 000 000**

* *As the JSE building is the only single tenanted building in the property portfolio, the forecast weighted average rental per m² as at 29 February 2016 has been included in the weighted average rental per m² for 24 Central.*

The properties were valued at 29 February 2016 by Peter Parfitt who is an independent, registered professional valuer in terms of the Property Valuers Profession Act, No 47 of 2000.

Other Information

The average annualised property yield is 7.36% at 29 February 2016.

STRATEGIC OVERVIEW

STRATEGIC OVERVIEW

Newpark's strategy is to deliver capital and distribution growth to shareholders by investing in A-grade commercial properties, which are yield-enhancing assets that offer consistent long-term growth.

OUR BUSINESS MODEL

How Newpark creates value

FINANCIAL CAPITAL

INPUTS

Market cap	R625 million
Share capital raised	R62,5 million
Long and short term borrowings	R270 million
Cash generated from operations for year ended 29 February 2016	R28 million
Efficient systems, controls and processes	

OUTPUTS

- Income and capital growth for shareholders

MANUFACTURED CAPITAL

INPUTS

- A-grade properties in Sandton CBD

OUTPUTS

- Enhanced portfolio
- Well-managed portfolio of properties generating growing income

INTELLECTUAL CAPITAL

INPUTS

- Executive and non-executive directors with extensive industry expertise and experience
- Sound governance structures
- Regulatory compliance

OUTPUTS

- Optimal investment decisions
- Transparent disclosure

HUMAN CAPITAL

INPUTS

- Properly constituted board and sub-committees with appropriate experience and independence
- Remuneration policy aimed at attracting and retaining key staff

OUTPUTS

- Retention of key employees

SOCIAL AND RELATIONSHIP CAPITAL

INPUTS

- Established symbiotic relationship with major tenants
- Established Social and Ethics Committee

OUTPUTS

- Enduring relationships with tenants and partners
- Positive contribution to wider South African society

NATURAL CAPITAL

INPUTS

- Electricity
- Water

OUTPUTS

- Waste

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

STRATEGIC OVERVIEW (continued)

Stakeholder engagement

Newpark's board believes that establishing strong partnerships with the company's stakeholders is 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 and analyst presentations – Circulars, annual and interim results reporting – SENS announcements – Integrated report – AGM – Newpark's website	– Non-executive Chairman – CEO
Financiers	– Capital management – Sustainability – Investment performance – Cash generation – Corporate governance and compliance – Risk management	– Agreed reporting – Regular meetings – Integrated report	– CEO – FD
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
Independent Valuers	– Reliable and timeous information	– Regular information flow – Formal and ad hoc meetings	– CEO – FD – Investment Committee Chairman
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	– Newpark's managers belong to industry bodies including SAPOA and SA Shopping Centre Council	– Management – Property managers
Communities	– Socio-economic development – Environmental impact – Responsible corporate citizenship	– Regular evaluation of the group's impact on society and the environment	– Management – Property managers

LEADERSHIP
AND GOVERNANCE

CHAIRMAN AND CEO'S REPORT

It is a pleasure to present Newpark's first integrated annual report, which marks the inception of the new company rather than an annual review of performance. Newpark was established in December 2015 with the objective of acquiring, and to a certain extent, developing high quality income generating property assets. The financial year-end closely followed the successful listing of the company on the JSE's AltX. Effective two days prior to listing, Newpark acquired a 100% stake in Newpark Towers, which holds Newpark's assets - the 18 163m^2 JSE building and adjoining 15 084m^2 24 Central building.

The listing provided the group with a platform to raise equity funding to pursue growth and investment opportunities in the future and enhance the liquidity and tradability of the shares. In addition the listing facilitated the acquisition of assets, although as Newpark Towers is controlled by the majority shareholders of Newpark, this did not require a substantial capital injection.

Prior to listing on 3 February 2016, Newpark raised R62.5 million through a private placement of 10 million ordinary shares at an issue price of R6.25 per share. Newpark offered selected institutional and private investors an opportunity to participate in the income streams and future capital growth of the group over the long-term.

Investment strategy

Newpark's investment strategy is to acquire well-positioned prime commercial properties that provide high quality income flows with a potential of upward rating on lease renewals and redevelopment opportunities. The properties may be acquired and/or developed either directly or through subsidiaries and joint ventures. Newpark may also invest in listed property shares.

Results

Revenue for the period was R95.2 million, which realised an operating profit of R56.1 million. Total comprehensive income for the period was R363.1 million. Headline earnings were 34.72 cents per share and distributable earnings 21.5 cents per share. In accordance with the Pre-Listing Statement, the board of directors of Newpark did not declare a dividend for the 1 month period ended 29 February 2016.

Although Newpark REIT held its interest in Newpark Towers for only one month of the current financial year, for the consolidated financial statements of Newpark REIT, Newpark Towers' full year results have been incorporated inclusive of comparatives applying IFRS guidance on accounting for transactions involving a capital reorganisation.

Market Conditions

Meaningful increases in the repo rate over the preceding 12 months have seen a number of market commentators suggesting that the hiking cycle is close to or even at its peak. However, South Africa remains caught within a high inflation and low growth environment, and the above factors, coupled with the need to demonstrate discipline in the context of rating-downgrade risk has resulted in a higher than normal degree of uncertainty with regards to the state of the South African economy.

In addition, the unpredictable political backdrop that exists in South Africa at present is not assisting in fostering confidence for many investors. Inevitably the lack of clear direction results in significantly divergent views on value across a number of different asset classes. The impact of this on the physical property market is reflected in what appear to be very wide bid-offer spreads, with the result that concluding transactions in the current environment is proving difficult, as sellers adopt a "wait and see" approach, and potential buyers grapple with the negative carry associated with a low cap rate, high cost of funds scenario.

Funding

During the period Newpark Towers secured a debt facility of R271 million with RMB. The funds were used to repay the Standard Bank loan of R198 million and shareholders loans of R47 million. The all-in weighted average cost of funding is 9.42% and the average hedge-term is 2.9 years. It is the board's policy to hedge at least 70% of the exposure to interest rate risk.

Portfolio performance

There were no vacancies in the property portfolio as at 29 February 2016. No bad debts were incurred nor is it considered necessary to provide for any potential bad debts.

Governance structure

Newpark strives for the highest standards of corporate governance. This report sets out the robust governance structures that were implemented ahead of the listing on the JSE.

Sustainability

Newpark is committed to managing its business in a sustainable manner, considering not only the group's financial performance and risk profile, but also its social, environmental and economic impact. Going forward the group will evaluate the impact of its projects and developments on society and the environment regularly. In the year ahead Newpark will embark on the process of integrating the social and environmental risks and opportunities into the company's strategy and will implement policies and systems to ensure that Newpark operates as a responsible corporate citizen.

Prospects

Newpark will focus on acquiring high quality properties in nodes that offer superior capital growth and annuity rental income. A distributable income of R49.5 million is projected for the year to 28 February 2017, equating to a distribution of 49.47 cents per share for the 100 million shares in issue. This forecast is the responsibility of the directors and has not been reviewed or reported on by the company's auditors.

We are delighted to welcome our new shareholders and look forward to delivering returns to them while creating value for all our partners and stakeholders. We would like to extend our appreciation to our fellow directors for their sound advice and guidance over this exciting period.

Gary Harlow
Chairman

Simon Fifield
CEO

CORPORATE GOVERNANCE REPORT

Newpark is committed to upholding the highest standards of ethics, transparency and good governance while pursuing wealth and value creation. The board is the focal point of good governance exercising sound judgement and leading with integrity. It is committed to implementing rigorous governance principles and practices in accordance with the recommendations of the King III Report. The board has recently assessed the application of the principles set out in the King Code and confirms that in all material respects the group is compliant with the Code. Independent corporate governance consultants were engaged to ensure that all directors are fully conversant with best practise and current thinking with regard to corporate governance.

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, and compliance with all relevant laws and regulations. The directors' good standing and reputation in the business community validate this commitment. The group has implemented a code of ethics 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 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 of ethics annually.

The board confirms that it is not aware of any transgressions of the code of ethics during the year 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

Members

Executive directors

Simon Fifield *(CEO)*

Ron Hill *(FD)*

Independent non-executive directors

Gary Harlow *(Chairman)*

Howard Turner

David Sevel

Non-executive directors

Dionne Ellerine

Kevin Ellerine

Barry van Wyk

Newpark's board comprises two executive directors and six non-executive directors, of whom three are independent, including the Chairman of the board Gary Harlow. The responsibilities of the independent non-executive Chairman, 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 industry skills, knowledge and experience, to the board's decision-making processes. Ultimate control of the group rests with the board of directors while the executive management is responsible for the proper management of the group. 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 each year with additional meetings convened where necessary.

Newpark executive directors do not have fixed-term contracts and have a notice period, for termination or resignation, of one calendar month. 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 non-executive directors must be re-elected annually. As this is the first AGM, as required by the MOI, the appointment of all directors will be subject to confirmation at the upcoming AGM.

Functions and responsibilities of the board

A formal board charter is in place. This sets out the board's responsibilities and 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 the King III report;
- Ensuring that the group performs at an acceptable level and that its affairs are conducted in a responsible and professional manner; and
- Upholding the board's responsibilities to all stakeholders.

Although certain responsibilities are delegated to committees or management executives, the board acknowledges that it is not discharged from its obligations 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 management;
- Monitoring of the operational performance of the business against predetermined budgets and targets;
- Monitoring the performance of management 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 manangement;
- 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 annual report;
- Appointing the chief executive officer; and
- Establishing a framework for the delegation of authority.

Independence of the board

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

- Appointment of an independent non-executive director as chairman;
- Clear separation of the roles of independent Chairman and CEO;
- Appointment of a minimum of three independent non-executive directors;
- The audit and risk committee is comprised of only independent non-executive directors while the remuneration committee and social and ethics committee comprise a majority of independent non-executive directors;
- The audit and risk committee, investment committee, remuneration committee, and social and ethics committee are chaired by independent non-executive directors;
- No service contracts are in place in respect of non-executive directors; and
- All directors have access to the advice and services of the company secretary and with prior agreement from the chairman, 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 prior to listing and all were deemed to meet the requirements of independence in terms of the recommendations of King III. 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 end 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

During the period under review (one month) no formal board meetings were held. A series of informal meetings were held prior to the official inaugural meeting of the board, held on 3 March 2016. Prior to this, all decisions were recorded by means of Round Robin resolutions signed by all members of the board.

Audit and Risk committee

Members: Howard Turner (Chairperson), Gary Harlow, and David Sevel

As Gary is the chairman of the board and a member of the audit and risk committee, his dual role will be approved at every AGM.

Invitees: CEO, FD, company secretary, managers responsible for finance and the external auditors attend the audit and risk committee meetings.

The committee aims to meet at least three times per year. Special meetings will be convened as required.

The audit and risk committee is governed by a charter, which was approved by the board. The board makes appointments to the committee, which are subject to approval by shareholders annually at the company's AGM. 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 unrestricted 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;
- 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 external auditors; and
- Ensuring the integrity of financial reporting.

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 annual report.

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

CORPORATE GOVERNANCE REPORT (continued)

Due to the size of the company, the board does not currently consider it to be nessesary 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 generally accepted accounting practice 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 annual report that the audit and risk committee has complied with its obligations. In this regard, the audit committee is satisfied that the financial director, Ronnie Ralph Hill, is competent and that the finance function has adequate resources with sufficient expertise.

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 risk management policy 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 controls, 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 board 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 instigated 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: Gary Harlow (chairman), Barry van Wyk, Dionne Ellerine and Kevin Ellerine

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.

Remuneration committee

Members: David Sevel (chairman), Howard Turner and Dionne Ellerine.

Invitees: CEO, FD

A charter governs the committee's responsibilities and duties.

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 pay 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 AGM.

The directors did not receive any remuneration or emoluments for the period from incorporation to 29 February 2016.

The proposed emoluments of the directors for the period from the listing date to 28 February 2017 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, the company has not entered into any contracts relating to directors and/or managerial remuneration, secretarial and technical fees and restraint payments. Currently the company does not have a share based remuneration scheme in place.

Position	Salaries/ Directors fees
CEO	350 000
FD	200 000
Chairman of the board	225 000
Member of the board	150 000
Audit and risk committee chairman	45 000
Audit and risk committee member	30 000
Remuneration committee chairman	30 000
Remuneration committee member	20 000
Social and ethics committee chairman	30 000
Social and ethics committee member	20 000
Investment committee chairman	15 000
Investment committee member	10 000

Social and Ethics committee

Members: Howard Turner (chairman), David Sevel and Kevin Ellerine.

The social and ethics committee is a statutory committee focused on monitoring compliance with labour legislation as well as corporate social responsibilities and corporate citizenship.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.

Company secretary

The board of directors have direct access to the company secretary, CIS Company Secretaries Proprietary Limited, who provide guidance and assistance in-line with the requirements outlined in the Companies' Act, King III and the JSE Listings Requirements. The independence, competence, qualifications and experience of the company secretary will be subject to annual evaluation by the board. On appointment, 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.

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 recommendation 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
Operational performance		
Vacancies and rental default	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
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
Governance		
Non-compliance with regulations e.g. JSE requirements	Suspension or termination of the company's listing	Active monitoring by corporate sponsors and company secretary
Reputational risk	Loss of investor confidence and unit 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

KING III COMPLIANCE

A register of all 75 King III principles and the extent of Newpark's compliance therewith is available on Newpark's website at www.newpark.co.za. Chapter 2 of King III follows below, as required by the JSE Listings Requirements.

King III principle		Comment
Chapter 2: Board and directors		
2.1	The board should act as the focal point for and custodian of corporate governance	Newpark's board considers sound corporate governance practices to be a critical element in delivering sustainable growth. The board recognises that it is the ultimate custodian of corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	The board is responsible for aligning strategic objectives, with performance, sustainability and risk considerations. The board is guided by the interests of the company and takes into account the interests of the stakeholders.
2.3	The board should provide effective leadership based on an ethical foundation	The board provides effective leadership and is committed to the highest levels of corporate governance. The board is the focal point of the group's values and ethics, which reflect the directors' belief in free and fair dealings and in the utmost respect for laws and regulations.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Newpark has a formally appointed social and ethics committee of the board which has been constituted to assist the board with social and ethics related matters.
2.5	The board should ensure that the company's ethics are managed effectively	The social and ethics committee will monitor the company's ethics and endeavour to ensure that such ethics are integrated in the culture of the company.
2.6	The board should ensure that the company has an effective and independent audit committee	The board has established an audit and risk committee. The audit and risk committee is governed by a charter, which was approved by the board. The board makes appointments to the committee. The board has determined that the committee members have the skills and experience necessary to contribute meaningfully to the committee's deliberations. All of the members are financially literate.
2.7	The board should be responsible for the governance of risk	The board oversees the management of risk and has delegated the process to the audit and risk committee. The committee monitors the adequacy and effectiveness of the company's internal and risk management processes generally.
2.8	The board should be responsible for information technology (IT) governance	The board is responsible for IT governance. The financial director oversees the information technology function, attends the executive committee meetings and reports to the CEO.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Nothing has come to the attention of the board that suggests the group has not complied with applicable laws. The group strives to keep abreast of all applicable laws via regular communication with its advisors. The board has adopted a legal compliance policy.
2.10	The board should ensure that there is an effective risk-based internal audit	Newpark has not established an internal audit function, as the board does not consider the cost to be justified given the company's size and the relative simplicity of its business model. The board will consider the need for an internal audit function on an annual basis, taking advice from the audit and risk committee and the company's auditors.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	The board believes that stakeholder perceptions are of critical importance and to this end communicate with a cross section of stakeholders on a regular basis.

KING III COMPLIANCE (continued)

King III principle		Comment
2.12	The board should ensure the integrity of the company's integrated report	The audit and risk committee is responsible for ensuring the integrity of the integrated report and recommending it to the board for approval.
2.13	The board should report on the effectiveness of the company's system of internal controls	The board is responsible for the effectiveness of internal controls.
2.14	The board and its directors should act in the best interests of the company	The board and its directors always act in the best interests of the company. The board has unrestricted access to all company information, records, documents and property. Directors are required to declare conflicts of interests.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	The board has noted this responsibility and will deal with it in accordance with the provisions of the Companies Act 2008, as amended ("Companies Act"), King III and advice received from advisors should the need arise.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	The chairman of the board, Gary Harlow, is an independent non-executive director and his role is separate from that of the CEO. This ensures a balance of power within the company and ensures that no individual has unrestricted decision-making powers or authority.
2.17	The board should appoint the CEO and establish a framework for the delegation of authority	The board has appointed a CEO and established a framework for the delegation of authority.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The approvals framework ensures that there is a clear balance of power between the various board members. The board comprises two executive and six non-executive directors, three of whom are independent.
2.19	Directors should be appointed through a formal process	The board undertakes the role of a nomination committee and is responsible for the selection, appointment and approval of new directors, in a formal and transparent manner, free from any dominance of any one particular shareholder.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	Training is arranged for the board as required.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	The company has appointed CIS Company Secretaries Proprietary Limited as company secretary.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	The evaluation of the board, its committees and individual directors is performed annually.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The board has delegated certain specific responsibilities to the audit and risk committee, remuneration committee and social and ethics committee and the investment committee without abdicating its own responsibilities.
2.24	A governance framework should be agreed between the group and its subsidiary boards	The holding company and its subsidiary operate as a single corporate group and the subsidiary is required to entrench the holding company governance framework within its day-to-day activities.
2.25	Companies should remunerate directors and executives fairly and responsibly	The remuneration committee sets the remuneration policy annually and ensures that the group remunerates its directors and executives fairly.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	The directors' remuneration is disclosed for each individual director in the integrated annual report.
2.27	Shareholders should approve the company's remuneration policy	The remuneration policy will be tabled for shareholder approved at the AGM to be held on 20 October 2016.

AUDIT AND RISK COMMITTEE REPORT

The committee comprises three independent non-executive directors, Howard Turner (Chairperson), Gary Harlow, and David Sevel. A short curriculum vitae for each of these directors has been set out on pages 6 to 7 of the integrated annual report demonstrating their suitable and relevant skills and experience.

The committee aims to meet three times a year with the first formal meeting of the committee held on 3 March 2016, after the end of the financial reporting period ended 29 February 2016. 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 page 17 – 18.

The audit and risk committee has satisfied itself that PricewaterhouseCoopers Inc. and Eric Mackeown the designated auditor, are independent of the company.

The committee confirms that it is satisfied that the FD, Ronnie Ralph Hill is competent and that the finance function has adequate resources and sufficient expertise.

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

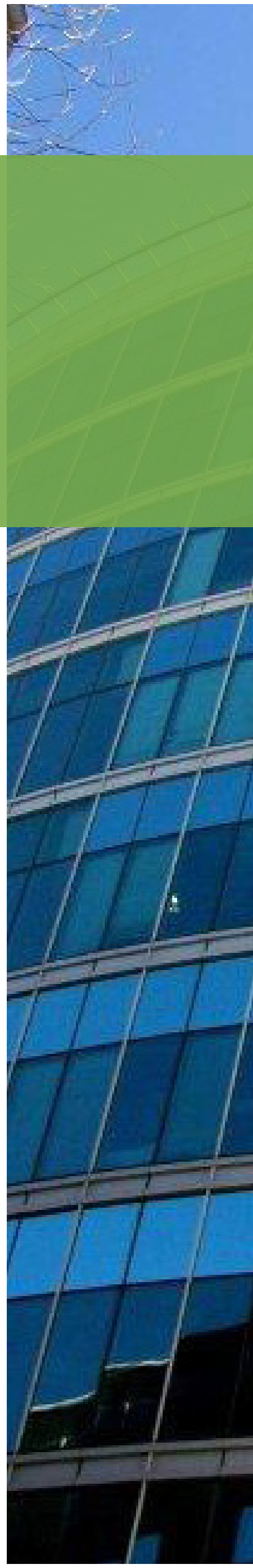
The audit and risk committee recommended the annual financial statements for the year ended 29 February 2016, for approval to the board. The board has subsequently approved the annual financial statements, which will be presented for discussion and adoption at the forthcoming AGM .

The committee has considered and noted the JSE's letter dated 15 February 2016, in respect of the JSE's report on its pro-active monitoring process.

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 in all material respects complied with the policy.

Howard Turner
Audit and Risk Committee Chairman

ANNUAL FINANCIAL STATEMENTS



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

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 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 consolidated 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 consolidated 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.

The directors acknowledge that they are ultimately responsible for the system of internal financial control 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 endeavours 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, 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 control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and company's cash flow forecast for the year to 28 February 2017 and, in the light of this review and the current financial position, they are satisfied that the group and company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors were given unrestricted access to all financial records and related data, including minutes of meetings of shareholders and the board of directors and committees of the board. The directors believes 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 33.

The financial statements set out on pages 34 to 79, which have been prepared on the going concern basis, were approved by the board of directors on 30 May 2016 and were signed on its behalf by:

Gary Harlow	**Simon Fifield**	**Ronnie Hill**
Director	Director	Director

GROUP SECRETARY'S CERTIFICATION

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

In accordance with the provisions of section 88(2)(e) of the South African Companies Act 71 of 2008. I certify that for the year ended 29 February 2016 the company has lodged with the registrar of companies all such returns as are required of a company in terms of the Act, and that all such returns are true, correct and up-to-date.

CIS Company Secretaries Proprietary Limited

Company Secretary

DIRECTORS' REPORT

The directors have pleasure in presenting their report on the consolidated financial statements of Newpark REIT Limited and the group for the period ended 29 February 2016.

1. NATURE OF BUSINESS

Newpark REIT Limited was registered and incorporated as a public company on 7 December 2015. Newpark is a property holding and investment company that, through its subsidiary, is invested in A-grade commercial properties situated in the heart of Sandton.

Newpark's investment strategy is to seek similar well-positioned prime commercial 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 AltX 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 REIT Limited is registered as a public company in terms of the Companies Act No 71 of 2008.

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 71 of 2008.

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

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

4. AUTHORISED AND ISSUED SHARE CAPITAL

Total number of ordinary shares authorised 29 February 2016	2 000 000 000
Total number of ordinary shares in issue 29 February 2016	100 000 001

5. DIVIDENDS

Refer to note 16 for details regarding the purchase of Newpark Towers Proprietary Limited.

The following dividends were declared by Newpark Towers Proprietary Limited during the current financial year:

- Dividend number 1 was a dividend *in specie* for 90 000 000 Newpark REIT Limited shares of R562 500 000. The dividend was declared on 26 January 2016 to the shareholders recorded in the register of the company as at that date.
- Dividend number 2 of R62 437 500 was declared on 26 January 2016. The dividend was paid on 3 February 2016 to shareholders recorded in the register of the company as at that date. The dividend was declared and paid to shareholders by the board after taking into account the solvency and liquidity requirements of the company.
- Dividend number 3 of R41 055 was declared on 26 January 2016 as part of the interest on late payment of dividend number 2. The dividend was paid on 3 February 2016 to shareholders recorded in the register of the company as at that date. The dividend was declared and paid to shareholders by the board after taking into account the solvency and liquidity requirements of the company.
- Dividend number 4 of R20 334 565 was declared on 3 February 2016. The dividend was paid on 3 February 2016 to shareholders recorded in the register of the company as at that date. The dividend was declared and paid to shareholders by the board after taking into account the solvency and liquidity requirements of the company.

DIRECTORS' REPORT *(continued)*

6. DIRECTORS

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

Directors	Designation
GD Harlow	Chairman, independent non-executive director
SP Fifield	Chief executive director
RR Hill	Financial director
BD van Wyk	Non-executive director
DT Ellerine	Non-executive director
KM Ellerine	Non-executive director
HC Turner	Independent non-executive director
DI Sevel	Independent non-executive director

7. DIRECTORS' INTERESTS IN SHARES

As at 29 February 2016, the directors held the following direct and indirect interest in the company:

Interests in shares

	Beneficial holdings		Non-beneficial holdings			
	Direct	**Indirect**	**Direct**	**Indirect**	**Total**	**%**
SP Fifield	110 000	–	–	–	110 000	0,11
GD Harlow	–	350 000	–	–	350 000	0,35
RR Hill	20 000	–	–	–	20 000	0,02
BD van Wyk	–	24 406 424	–	–	24 406 424	24,41
DT Ellerine	–	34 010 013	–	–	34 010 013	34,01
KM Ellerine	–	30 223 564	–	–	30 223 564	30,22
HC Turner	390 000	–	–	–	390 000	0,39
	520 000	88 990 001	–	–	89 510 001	89,51

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

8. DIRECTORS' INTERESTS IN CONTRACTS

Other than the directors' interest in the subscription and share sale agreement relating to the acquisition of Newpark Towers Proprietary Limited, 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. SUBSIDIARY COMPANY

On 3 February 2016, the group acquired 100% of the share capital of Newpark Towers Proprietary Limited, an unlisted South African property holding company. The total deemed consideration was R625 000 000.

Particulars of the subsidiary are set out in note 8 of the financial statements.

10. SPECIAL RESOLUTIONS

No special resolutions relating to the capital structure, borrowing powers or any other material matter that affects the understanding of the group were passed by the subsidiary company during the period under review.

The following special resolutions were passed by the company during the period under review:

- Resolution authorising change of name of company
- Resolution authorising re-classification of common shares
- Resolution authorising increase in authorised share capital
- Resolution authorising adoption of a new Memorandum of Incorporation
- Resolution authorising listing on the JSE
- Resolution authorising approval to issue shares in terms of section 41(3) of the Companies Act
- Resolution authorising approval to issue shares in terms of section 41(1) of the Companies Act
- Resolution authorising repurchase of shares
- Resolution authorising financial assistance for subscription of securities
- Resolution authorising financial assistance for related or inter-related companies, directors or prescribed officer of the company
- Resolution authorising approval of director's remuneration

11. 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.

12. GOING CONCERN

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 changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

13. AUDITORS

The group changed auditors from Grant Thornton to PricewaterhouseCoopers Inc. effective 3 March 2016 as no agreement was reached on the proposed audit approach to be followed by Grant Thornton and the consequential fee.

PricewaterhouseCoopers Inc. will continue in office as auditors in accordance with section 90 of the Companies Act 71 of 2008, subject to approval of the shareholders at the upcoming annual general meeting. E Mackeown will be the individual registered auditor who will undertake the audit.

14. LEVEL OF ASSURANCE

These financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act 71 of 2008.

15. COMPANY SECRETARY

CIS Company Secretaries Proprietary Limited, represented by Neville Toerien (BA LLB), has been appointed as the company secretary.

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

The address of the Secretary is set out below.

Postal address	PO Box 61051 Marshalltown 2107
Business address	70 Marshall Street Johannesburg 2001

16. **PREPARER**

The financial statements were independently compiled by Joanne Lindsay CA(SA) under the supervision of RR Hill BCom, Hons BCompt.

17. **LIQUIDITY AND SOLVENCY**

The directors have performed the liquidity and solvency tests required by the Companies Act No 71 of 2008 and confirm that these tests have been satisfied.

18. **COMPARATIVES**

The 2015 reporting period for the group (as restated) was for a 14-month period, financial performance may therefore not be comparable to the 2016 reporting period.

19. **ANALYSIS OF SHAREHOLDERS**

	Number of shares	%
Shareholders' spread analysis as at 29 February 2016		
1 – 1 000 shares	3 867	0,00
1 001 – 10 000 shares	17 140	0,02
10 001 – 100 000 shares	761 000	0,76
100 001 – 1 000 000 shares	5 821 017	5,82
1 000 001 shares and over	93 396 977	93,40
	100 000 001	**100,00**
Shareholders with an interest of 5% or more in shares		
Ellerine Bros Proprietary Limited	32 116 789	32,12
Ellwain Investments Proprietary Limited	32 116 788	32,12
Renlia Developments Proprietary Limited	22 086 424	22,09
	86 320 001	**86,33**

Public and Non Public Shareholders	Number of shareholders	Percentage of total	Number of shares	Percentage of Total
Public Shareholders	52	87%	10 490 000	10,5%
Non Public Shareholders				
Directors and their associates	8	13%	89 510 001	89,5%
Total	**60**	**100%**	**100 000 001**	**100,0%**

20. **MEASUREMENTS FOR FINANCIAL RESULTS**

Given that Newpark is a REIT, the directors are of the view that distribution 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 will be adopting distribution per share as its financial results measurement for trading statement purposes.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEWPARK REIT LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Newpark REIT Limited set out on pages 34 to 79, which comprise the statements of financial position as at 29 February 2016 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Newpark REIT Limited as at 29 February 2016, and its consolidated and separate financial performance and its 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.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 29 February 2016, we have read the directors' report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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 PricewaterhouseCoopers Inc. has been the auditor of Newpark REIT Limited for one year.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: Eric Mackeown
Registered Auditor

Sunninghill
30 May 2016

STATEMENT OF FINANCIAL POSITION

as at 29 February 2016

		Group			Company
	Notes	2016 R	Restated 2015 R	Restated 1 January 2014 R	2016 R
Assets					
Non-current assets					
Investment properties	7	**982 308 223**	739 591 244	782 286 615	**–**
Investment in subsidiary	8	**–**	–	–	**805 412 256**
Straight-line lease asset	9	**44 822 603**	23 725 800	–	**–**
Deferred tax	10	**55 222**	–	–	**55 222**
Derivative financial instruments	11	**699 152**	–	–	**–**
Lease incentive	12	**22 495 899**	17 124 322	3 096 978	**–**
		1 050 381 099	**780 441 366**	**785 383 593**	**805 467 478**
Current assets					
Trade and other receivables	13	**6 157 079**	6 717 531	2 797 248	**–**
Straight-line lease asset	9	**12 726 699**	16 911 751	11 742 880	**–**
Current tax receivable		**–**	865 511	–	–
Lease incentive	12	**2 646 576**	2 646 883	2 715 239	**–**
Cash and cash equivalents	14	**32 217 081**	1 230 718	2 858 014	**5 001**
		53 747 435	**28 372 394**	**20 113 381**	**5 001**
Total assets		**1 104 128 534**	**808 813 760**	**805 496 974**	**805 472 479**
Equity and liabilities					
Equity					
Share capital	15	**620 005 794**	1 000	1 000	**620 005 794**
Reserves		**180 412 256**	–	–	**180 412 256**
Retained (loss)/income		**(9 758 785)**	452 918 475	460 003 076	**(142 001)**
		790 659 265	**452 919 475**	**460 004 076**	**800 276 049**
Liabilities					
Non-current liabilities					
Bank borrowings	17	**270 000 000**	198 289 598	192 402 153	**–**
Deferred tax	10	**14 639 652**	100 028 925	97 362 673	**–**
		284 639 652	298 318 523	289 764 826	**–**
Current liabilities					
Amounts due to group company	18	**–**	–	–	**4 695 980**
Loans from shareholders	19	**–**	47 399 971	47 399 971	**–**
Trade and other payables	20	**28 829 617**	10 175 791	8 328 101	**500 450**
		28 829 617	57 575 762	55 728 072	**5 196 430**
Total liabilities		**313 469 269**	**355 894 285**	**345 492 898**	**5 196 430**
Total equity and liabilities		**1 104 128 534**	**808 813 760**	**805 496 974**	**805 472 479**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group 12 months ended 29 February 2016 R	Group 14 months ended 28 February 2015 Restated R	Company 1 month ended 29 February 2016 R
Revenue	21	**95 185 290**	91 000 982	**–**
Property operating expenses	22	**(33 206 223)**	(29 822 396)	**–**
Other income		**99 961**	–	**–**
Administrative expenses	22	**(6 000 490)**	(92 951)	**(156 168)**
Operating profit/(loss)		**56 078 538**	**61 085 635**	**(156 168)**
Finance income	23	**1 161 285**	299 698	**–**
Fair value adjustments	24	**242 523 839**	(42 853 629)	**–**
Finance costs	25	**(22 190 879)**	(22 950 053)	**(41 055)**
Profit/(loss) before taxation		**277 572 783**	**(4 418 349)**	**(197 223)**
Taxation	26	**85 536 833**	(2 666 252)	55 222
Profit for the period		**363 109 616**	**(7 084 601)**	**(142 001)**
Other comprehensive income		–	–	–
Total comprehensive income for the period		**363 109 616**	**(7 084 601)**	**(142 001)**
Earnings per share (expressed in cents per share)				
Per share information				
Basic earnings/(loss) per share (cents)	27	**400,17**	(7,87)	**(0,16)**
Diluted earnings/(loss) per share (cents)	27	**400,17**	(7,87)	**(0,16)**

STATEMENT OF CHANGES IN EQUITY

	Share capital R	Share issue costs R	Total share capital R	Capital re-organisation reserve R	Retained (loss)/income R	Total equity R
Group						
Opening balance as previously reported	1 000	–	1 000	–	472 414 504	472 415 504
Restatement	–	–	–	–	(12 411 428)	(12 411 428)
Balance at 1 March 2014 as restated	**1 000**	**–**	**1 000**	**–**	**460 003 076**	**460 004 076**
Loss for the period	–	–	–	–	(7 084 601)	(7 084 601)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(7 084 601)**	**(7 084 601)**
Balance at 1 March 2015 restated	**1 000**	**–**	**1 000**	**–**	**452 918 475**	**452 919 475**
Profit for the period	–	–	–	–	363 109 616	363 109 616
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**363 109 616**	**363 109 616**
Issue of shares	625 000 001	(4 994 207)	620 005 794	–	–	625 005 794
Capital re-organisation	(1 000)	–	(1 000)	180 412 256	(180 473 756)	(62 500)
Dividends	–	–	–	–	(645 313 120)	(645 313 120)
Total contributions by and distributions to owners of company recognised directly in equity	**624 999 001**	**(4 994 207)**	**620 004 794**	**180 412 256**	**(825 786 876)**	**(25 369 826)**
Balance at 29 February 2016	**625 000 001**	**(4 994 207)**	**620 005 794**	**180 412 256**	**(9 758 785)**	**790 659 265**
Notes	15	15	15	16		
Company						
Balance at 7 December 2015	–	–	–	–	–	–
Issue of shares	625 000 001	(4 994 207)	620 005 794	–	–	620 005 794
Capital re-organisation	–	–	–	180 412 256	–	180 412 256
Total contributions by owners of company recognised directly in equity	**625 000 001**	**(4 994 207)**	**620 005 794**	**180 412 256**	**–**	**800 418 050**
Loss for the period	–	–	–	–	(142 001)	(142 001)
Other comprehensive income	–	–	–	–	–	–
Tota comprehensive loss for the period	–	–	–	–	**(142 001)**	**(142 001)**
Balance at 29 February 2016	**625 000 001**	**(4 994 207)**	**620 005 794**	**180 412 256**	**(142 001)**	**800 276 049**
Notes	15	15	15	16		

STATEMENT OF CASH FLOWS

	Notes	Group 12 months ended 29 February 2016 R	Group 14 months ended 28 February 2015 Restated R	Company 1 month ended 29 February 2016 R
Cash flows from operating activities				
Cash generated from operations	28	**48 223 184**	16 335 527	**46 056**
Finance income		**1 161 285**	299 698	**–**
Finance costs		**(22 190 879)**	(22 950 053)	**(41 055)**
Taxation received/(paid)	29	**957 845**	(865 511)	**–**
Net cash from operating activities		**28 151 435**	**(7 180 339)**	**5 001**
Cash flows from investing activities				
Purchase of investment properties	7	**(1 099 883)**	(334 402)	**–**
Acquisition in investment in subsidiary		**(62 500)**	–	**(62 500 000)**
Net cash from investing activities		**(1 162 383)**	**(334 402)**	**(62 500 000)**
Cash flows from financing activities				
Proceeds on share issue	15	**62 500 000**	–	**62 500 000**
Repayment of shareholders loan		**(47 399 971)**	–	**–**
Dividends paid		**(82 813 120)**	–	**–**
Bank borrowings advanced		**270 000 000**	5 887 445	**–**
Bank borrowings repaid		**(198 289 598)**	–	**–**
Net cash from financing activities		**3 997 311**	**5 887 445**	**62 500 000**
Total cash and cash equivalent movement for the year		**30 986 363**	**(1 627 296)**	**5 001**
Cash and cash equivalent at the beginning of the year		**1 230 718**	2 858 014	**–**
Total cash and cash equivalent at end of the year	14	**32 217 081**	**1 230 718**	**5 001**

ACCOUNTING POLICIES

1. GENERAL INFORMATION

Newpark REIT Limited ("the company") and its subsidiary, Newpark Towers 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. These policies have been consistently applied to all years presented, unless otherwise stated.

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 Committee ("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.

Presentation of consolidated financial statements

IFRS 1, First-time Adoption of International Financial and Reporting Standards ("IFRS 1"), has been applied in preparing these financial statements. These financial statements are the company's first set of financial statements to be prepared in accordance with IFRS.

The policies set out below have been consistently applied to all years presented. The financial statements of the company had been prepared in accordance with International Financial Reporting Standard for Small- and Medium-sized Entities ("IFRS for SME") up until 28 February 2015. IFRS for SME's differs in certain respects from IFRS. When preparing the financial statements, management did not amend any of the accounting of valuation methods applied in the IFRS for SME financial statements as they did not differ from IFRS. As a result the comparative figures in respect of the financial statements at 28 February 2015 and 1 March 2015 were not restated, except for the implications of the prior period errors as disclosed in note 35.

Income and cash flow statements

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

1.3. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The basis of segmental reporting has been set out in note 2.

1.4. 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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction, are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

1.5. Significant judgements and sources of estimation uncertainty

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

Trade receivables and amounts due by group company

The group assesses its trade receivables and amounts due by group company for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the trade receivable.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 contracts and by external evidence such as current market rentals for similar properties in the same location and condition, and using discount rates that reflects current market assessments, of the uncertainty in the amount and timing of the cash flows.

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

Derivative financial instruments

The valuation of derivative financial instruments was determined using the discount cash flow projections, based on estimates of future cash flows, supported by the terms of the relevant swap agreements and external evidence such as the ZAR 0– coupon perfect-fit swap curve ("the swap curve"). Future floating cash flows are determined using forward rates derived from the swap curve as at 29 February 2016. The net cash flows were discounted using the swap curve as at 29 February 2016.

ACCOUNTING POLICIES *(continued)*

1. **GENERAL INFORMATION** *(continued)*

1.5. Significant judgements and sources of estimation uncertainty *(continued)*

Residual values and useful lives of assets

Residual values and useful lives of tangible assets are assessed on an annual basis. Estimates and judgements in this regard are based on the historical experience and expectations of the manner in which the assets are to be used, together with the expected proceeds likely to be realised when the assets are disposed of at the end of their useful lives. Such expectations could change over time and, therefore, impact both the depreciation charges and carrying values of tangible assets in the future.

1.6. Investment property

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.

Fair value measurement on property under development is only applied if the fair value is considered to be reliably measurable.

It may sometimes be difficult to determine reliably the fair value of the investment property under development. In order to evaluate whether the fair value of an investment property under development can be determined reliably, management considers the following factors, amongst others:

- The provisions of the development contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar developments

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 the 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 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 company 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 comprehensive income within net fair value gain on investment property.

1.7. 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 for profit and 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.

1.8. Interests in subsidiaries

Company consolidated financial statements

In the company's separate consolidated financial statements, investment in a subsidiary are 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.

1.9. Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss – held for trading
- Financial assets at amortised cost
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

ACCOUNTING POLICIES *(continued)*

1. GENERAL INFORMATION *(continued)*

1.9. Financial instruments *(continued)*

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set-off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the group assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

Amounts due by/(to) group companies

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.

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

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

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

Trade and other payables

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

Cash and cash equivalents

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 fair value.

Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate 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 company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

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 company 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 company 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".

1.10. **Income tax**

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.

ACCOUNTING POLICIES *(continued)*

1. GENERAL INFORMATION *(continued)*

1.10. Income tax *(continued)*

Deferred income tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction, which at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

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.

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, 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.

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.

1.11. Leases

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 21 for the recognition of rental income.

Group company is the lessor – lease incentives

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

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

1.12. 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.

1.13. Share capital and equity

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.

1.14. Revenue

Revenue comprises gross rental revenue including all recoveries from tenants, excluding VAT. Rental revenue from investment property is recognised in the statements of 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 subsidiary acts as a principal on its own account when recovering operating costs from tenants.

1.15. Interest

Interest income and expense are recognised within “finance income” and “finance costs” in profit or loss using the effective interest-rate method.

The effective interest-rate 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.

1.16. Dividend distribution

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

1.17. Capital re-organisation reserve accounting

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 reorganization 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. Predecessor accounting 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 reorganization reserve. The value of this reserve will be analyzed on an annual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENTAL INFORMATION

The appointed Chief Operating Decision Maker (CODM) within the group is the Group Executive Committee (EXCO). This is because it is EXCO's responsibility to meet on a frequent basis to review budgets and to assess the operating performance of its operating segments.

The information provided to EXCO summarises financial data and information by property.

At 29 February 2016, the group is organised into two main operating segments:

- 24 Central
- JSE

The segment information provided to EXCO for the operating segments for the period ended 29 February 2016 has been provided below.

	24 Central R	JSE R	Total R
2016			
Revenue	58 159 555	37 025 735	95 185 290
Property operating expenses	(21 895 812)	(11 310 411)	(33 206 223)
Fair value adjustments	123 481 140	119 042 699	242 523 839
	159 744 883	**144 758 023**	**304 502 906**
2015			
Revenue	66 768 838	24 232 144	91 000 982
Property operating expenses	(29 822 396)	–	(29 822 396)
Fair value adjustments	(3 724 033)	(39 129 596)	(42 853 629)
	33 222 409	**(14 897 452)**	**18 324 957**

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.

	24 Central R	JSE R	Total R
2016			
Investment property	471 510 147	510 798 076	982 308 223
Straight-line asset	3 489 853	54 059 449	57 549 302
Derivative financial instruments	–	699 152	699 152
Lease incentive	–	25 142 475	25 142 475
Trade and other receivables	6 027 961	29 580	6 057 541
	481 027 961	**590 728 732**	**1 071 756 693**
2015			
Investment property	346 275 057	393 316 187	739 591 244
Straight-line lease asset	3 724 943	36 912 608	40 637 551
Lease incentive	–	19 771 205	19 771 205
Trade and other receivables	3 799 661	158 223	3 957 884
	353 799 661	**450 158 223**	**803 957 884**

Reportable segments' assets are reconciled to total assets as follows:

	Group 2016 R	Group 2015 R
Segment assets for reportable segments	**1 071 756 693**	803 957 884
Unallocated:		
Deferred tax	**55 222**	–
Trade and other receivables	**99 538**	2 759 647
Current tax receivable	**–**	865 511
Cash and cash equivalents	**32 217 081**	1 230 718
Total assets per the consolidated financial statements	**1 104 128 534**	**808 813 760**

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.

	24 Central R	JSE R	Total R
2016			
Bank borrowings	–	270 000 000	270 000 000
Trade and other payables	1 520 654	23 166 221	24 686 875
	1 520 654	**293 166 221**	**294 686 875**
2015			
Bank borrowings	–	198 289 598	198 289 598
Trade and other payables	2 837 778	7 133 954	9 971 732
	2 837 778	**205 423 552**	**208 261 330**

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Group 2016 R	Group 2015 R
Segment liabilities for reportable segments	**294 686 875**	208 261 330
Unallocated:		
Deferred tax	**14 639 652**	100 028 925
Loans from shareholders	**–**	47 399 971
Trade and other payables	**4 142 742**	204 059
Total liabilities per the consolidated financial statements	**313 469 269**	**355 894 285**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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:

Amendment to IFRS 13: Fair Value Measurement: Annual improvements project

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 *Financial Instruments: Presentation*.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group has adopted the amendment for the first time in the 2016 consolidated financial statements.

The impact of the amendment is not material.

Amendment to IAS 24: Related Party Disclosures: Annual improvements project

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services, but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group has adopted the amendment for the first time in the 2016 consolidated financial statements.

The impact of the amendment is not material.

3.2. Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2016 or later periods:

Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the group is for years beginning on or after 1 January 2016.

The group expects to adopt the amendment for the first time in the 2017 consolidated financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its consolidated financial statements. It also provides amended guidance concerning the order of presentation of the notes in the consolidated financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the group is for years beginning on or after 1 January 2016.

The group expects to adopt the amendment for the first time in the 2017 consolidated financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9

- All recognised financial assets that are within the scope of IAS 39: Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- 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 an entity 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. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

The group expects to adopt the standard for the first time in the 2019 consolidated financial statements.

It is unlikely that the standard will have a material impact on the group's consolidated financial statements.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11: Construction contracts; IAS 18: Revenue; IFRIC 13: Customer Loyalty Programmes; IFRIC 15: Agreements for the construction of Real Estate; IFRIC 18: Transfers of Assets from Customers; and SIC 31: Revenue: Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. **NEW STANDARDS AND INTERPRETATIONS** *(continued)*

3.3. Standards and interpretations not yet effective (continued)

IFRS 15 also includes extensive new disclosure requirements.

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

The group expects to adopt the standard for the first time in the 2018 consolidated financial statements.

The impact of this standard is still being assessed by management.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The lessor continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

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

The group expects to adopt the standard for the first time in the 2020 consolidated financial statements.

The impact of this standard is still being assessed by management.

	Note	Group 2016 R	Group 2015 R	Company 2016 R

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 debt, which includes the borrowings disclosed in notes 17, 18 & 19 cash and cash equivalents disclosed in note 14, and equity as disclosed in the statement of financial position.

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

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

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

The gearing ratio at 2016 and 2015 respectively were as follows:

	Note	Group 2016 R	Group 2015 R	Company 2016 R
Total borrowings				
Amount due to group company	18	**–**	–	**4 695 980**
Loans from shareholders	19	**–**	47 399 971	**–**
Bank borrowings	17	**270 000 000**	198 289 598	**–**
		270 000 000	**245 689 569**	**4 695 980**
Less: Cash and cash equivalents	14	**32 217 081**	1 230 718	**5 001**
Net debt		**237 782 919**	244 458 851	**4 690 979**
Total equity		**790 659 265**	452 919 475	**800 276 049**
Total capital		**1 028 442 184**	**697 378 326**	**804 967 028**
Gearing ratio		**23%**	35%	**1%**

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. The company's overall risk management program 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

	Group		Company
	2016 R	2015 R	2016 R

4. RISK MANAGEMENT *(continued)*

	Less than 1 year	Between 2 and 5 years
Group		
At 29 February 2016		
Bank borrowings	–	270 000 000
Trade and other payables	26 062 172	–
At 28 February 2015		
Loan from shareholders	47 399 971	–
Bank borrowings	–	198 289 598
Trade and other payables	7 298 211	–
Company		
At 29 February 2016		
Trade and other payables	500 450	–
Amounts due to group company	4 695 980	–

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 2016, 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 caps. Such interest rate swaps and caps have the economic effect of converting borrowings from floating rates to fixed rates and capping the amount of interest paid. Generally, the company raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the company borrowed at fixed rates directly. Under the interest rate swaps, the company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 29 February 2016, 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 R 740 037 (2015: R1 418 824) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings and cash and cash equivalent balances.

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

Cash and cash equivalents	**6,15%**	5,25%	**6,15%**
Bank borrowings	**9,05%**	9,96%	**–**

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 "Baa2" 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 table below shows the balances with banking counterparties and their external ratings at the statement of financial position date.

	Group		Company
	2016 R	2015 R	2016 R
Financial instrument			
FNB/RMB (Rating – Baa2)	**32 217 081**	–	**5 001**
Standard Bank (Rating – Baa2)	**–**	1 230 718	**–**

The ratings were obtained from Moodys. 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 Baa2.

Financial assets exposed to credit risk at year-end were as follows:

Financial instrument			
Cash and cash equivalents	**32 217 181**	1 230 718	**5 100**
Trade and other receivables	**6 001 846**	3 824 558	**–**

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.

Fair value estimation

The carrying amounts of the following categories of financial assets and liabilities approximate fair value:

- Derivative financial instruments: Level 2
- Trade and other receivables: Level 3
- Cash and cash equivalents: Level 1
- Bank borrowings: Level 3
- Trade and other payables: Level 3
- Amount due to group company: Level 3
- Loans from shareholders: Level 3
- Investment properties: Level 3

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.

	Note	Group 2016 R	Group 2015 R	Company 2016 R

4. RISK MANAGEMENT *(continued)*

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.

Levels of fair value measurements

	Note	Group 2016 R	Group 2015 R	Company 2016 R
Assets				
Investment properties (Level 3)	7	**982 308 223**	739 591 244	**–**
Investment in unlisted subsidiary (Level 3)	8	**–**	–	**805 412 256**
Derivative financial instruments (Level 2)	11	**699 152**	–	**–**
Trade and other receivables (Level 3)	13	**6 001 846**	3 824 558	**–**
Cash and cash equivalents (Level 1)	14	**32 217 081**	1 230 718	**5 001**
Total assets at fair value		**1 021 226 302**	**744 646 520**	**805 417 257**
Liabilities				
Bank borrowings (Level 3)	17	**270 000 000**	198 289 598	**–**
Amounts due to group company (Level 3)	18	**–**	–	**4 695 980**
Trade and other payables (Level 3)	20	**26 062 172**	7 298 211	**500 450**
Loans from shareholders (Level 3)		**–**	47 399 971	**–**
Total liabilities at fair value		**298 829 621**	**280 175 791**	**275 196 430**

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

5. FINANCIAL ASSETS BY CATEGORY

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

Group – 2016

	Financial assets at amortised cost R	Fair value through profit or loss R	Total R
Trade and other receivables	6 001 846	–	6 001 846
Cash and cash equivalents	32 217 181	–	32 217 181
Derivative financial instruments	–	699 152	699 152
	38 219 027	**699 152**	**38 918 179**

Group – 2015

	Financial assets at amortised cost R	Total R
Trade and other receivables	3 824 558	3 824 558
Cash and cash equivalents	1 230 718	1 230 718
	5 055 276	**5 055 276**

Company – 2016

	Financial assets at amortised cost R	Total R
Cash and cash equivalents	5 001	5 001

6. FINANCIAL LIABILITIES BY CATEGORY

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

Group – 2016

	Financial liabilities at amortised cost R	Total R
Bank borrowings	270 000 000	270 000 000
Trade and other payables	26 062 172	26 062 172
	296 062 172	**296 062 172**

Group – 2015

	Financial liabilities at amortised cost R	Total R
Loans from shareholders	47 399 971	47 399 971
Bank borrowings	198 289 598	198 289 598
Trade and other payables	7 298 211	7 298 211
	252 987 780	**252 987 780**

Company – 2016

	Financial liabilities at amortised cost R	Total R
Amounts due to group company	4 695 980	4 695 980
Trade and other payables	500 450	500 450
	5 196 430	**5 196 430**

7. INVESTMENT PROPERTIES

Group

	2016			2015		
	Cost/ valuation R	Accumulated depreciation R	Carrying value R	Cost/ valuation R	Accumulated depreciation R	Carrying value R
Investment property	980 747 413	–	980 747 413	738 922 726	–	738 922 726
Furniture and fixtures	2 329 835	(769 025)	1 560 810	1 229 952	(561 434)	668 518
Total	**983 077 248**	**(769 025)**	**982 308 223**	**740 152 678**	**(561 434)**	**739 591 244**

Reconciliation of investment properties: Group – 2016

	Opening balance R	Additions R	Fair value adjustment R	Depreciation R	Closing balance R
Investment property	738 922 726	–	241 824 687	–	980 747 413
Furniture and fixtures	668 518	1 099 883	–	(207 591)	1 560 810
	739 591 244	**1 099 883**	**241 824 687**	**(207 591)**	**982 308 223**

Reconciliation of investment properties: Group – 2015

	Opening balance R	Additions R	Fair value adjustment R	Depreciation R	Closing balance R
Investment property	781 776 355	–	(42 853 629)	–	738 922 726
Furniture and fixtures	510 260	334 402	–	(176 144)	668 518
	782 286 615	**334 402**	**(42 853 629)**	**(176 144)**	**739 591 244**

Reconciliation of investment properties: Group – 2014

	Opening balance R	Depreciation R	Closing balance R
Investment property	781 776 355	–	781 776 355
Furniture and fixtures	644 592	(134 332)	510 260
	782 420 947	**(134 332)**	**782 286 615**

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.

	Group 2016 R	Group 2015 R	Group 2014 R	Company 2016 R
7. INVESTMENT PROPERTIES *(continued)*				
JSE Building				
Portion 25 of Erf 7 Sandown Johannesburg, South Africa				
– Purchase price	18 070 009	18 070 009	18 070 009	–
– Fair value adjustment	573 490 801	431 929 991	431 929 991	–
	591 560 810	**450 000 000**	**450 000 000**	**–**
24 Central				
Portion 20 of Erf 7 Sandton Township, registration division IR, Province of Gauteng				
– Purchase price	238 000 000	238 000 000	238 000 000	–
– Fair value adjustment	234 021 190	110 582 000	110 423 712	–
– Capitalised expenditure	1 418 000	1 418 000	1 418 000	–
	473 439 190	**350 000 000**	**349 841 712**	**–**

Fair value of investment property for accounting purposes

	Group 2016 R	Group 2015 R	Group 2014 R	Company 2016 R
Opening fair value of property assets	800 000 000	799 841 712	530 334 812	–
Gross fair value adjustment on investment property	241 824 687	(42 853 629)	251 441 543	–
Additions and depreciation	892 292	158 288	510 260	–
Straight-line lease asset and lease incentive movement	22 283 021	42 853 629	17 555 097	–
Property valuation	1 065 000 000	800 000 000	799 841 712	–
Less: Straight-line lease income adjustment (note 9)	(57 549 302)	(40 637 551)	(11 742 880)	–
Less: Lease incentive receivable (note 12)	(25 142 475)	(19 771 205)	(5 812 217)	–
Closing fair value of property assets	**982 308 223**	739 591 244	782 286 615	**–**

Securities

Mortgage bonds have been registered over investment property with a fair value of R982 308 223 (2015: R739 591 244) as security for interest-bearing liabilities at a nominal value amounting to R270 000 000 (2015: R198 289 598). Refer to note 17.

Details of valuation

The properties were valued on 29 February 2016 using the discounted cash flow of future income streams method. The valuation of the properties were performed by an independent valuer, Peter Parfitt of Quadrant Properties Proprietary Limited, who is a registered valuer in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000.

At the 29 February 2016, the key assumptions and unobservable inputs used by the company in determining fair value were as follows:

	24 Central	JSE Head Office
Discount rate	14,50%	14,25%
Exit capitalisation rate	9,00%	8,50%
Capitalised rate	8,50%	8,25%

7. INVESTMENT PROPERTIES *(continued)*

Investment property is required to be fair valued with sufficient regularity that the value is representative of the fair value. In the prior financial period (2015 (as restated)) the directors determined that the valuation performed in the preceding period (2014) was representative of the fair 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 m^2 against comparative sales of similar properties in similar locations. Amongst other factors, the capitalisation rate estimation considers the quality of the building, its location, the tenants' credit quality and their lease terms.

Inter-relationship between key unobservable inputs and fair value measurements

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

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

8. INVESTMENT IN SUBSIDIARY

Company

Name of company	Holding 2016 %	Carrying amount 2016 R	Carrying amount 2015 R
Newpark Towers Proprietary Limited	100,00%	805 412 256	–

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

	Group 2016 R	Group 2015 R	Company 2016 R

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 2016 R	Group 2015 R	Company 2016 R
Reconciliation of movements			
Carrying value at the beginning of the year/period	40 637 551	11 742 880	–
Current year/period movements	16 911 751	28 894 671	–
Carrying value at the end of the year/period	**57 549 302**	**40 637 551**	**–**
Non-current asset	44 822 603	23 725 800	–
Current asset	12 726 699	16 911 751	–
	57 549 302	**40 637 551**	**–**

10. DEFERRED TAX

	Group 2016 R	Group 2015 R	Group 2014 R	Company 2016 R
Deferred tax liability				
Straight-line lease income adjustment	(16 113 805)	(11 378 514)	(3 288 006)	–
Fair value adjustment on investment property	–	(89 951 552)	(97 942 896)	–
Total deferred tax liability	**(16 113 805)**	**(101 330 066)**	**(101 230 902)**	**–**
Deferred tax asset				
Assessable loss	1 371 868	1 301 141	3 868 229	**55 222**
Income in advance	157 507	–	–	–
Total deferred tax asset	**1 529 375**	**1 301 141**	**3 868 229**	**55 222**

The deferred tax assets and the deferred tax liability that relate to income tax in the same jurisdiction have been offset in the statement of financial position as follows:

	Group 2016 R	Group 2015 R	Group 2014 R	Company 2016 R
Deferred tax liability	(16 113 805)	(101 330 066)	(101 230 902)	–
Deferred tax asset	1 529 375	1 301 141	3 868 229	**55 222**
Total net deferred tax (liability)/asset	**(14 584 430)**	**(100 028 925)**	**(97 362 673)**	**55 222**
Deferred tax has been recognised as follows:				
Deferred tax liability	(14 639 652)	(100 028 925)	(97 362 673)	–
Deferred tax asset	55 222	–	–	**55 222**
	(14 584 430)	**(100 028 925)**	**(97 362 673)**	**55 222**
Reconciliation of deferred tax (liability)/asset				
At beginning of year	(100 028 925)	(97 362 673)	(49 262 184)	–
Charge to statement profit or loss and of comprehensive income	85 444 499	(2 666 252)	(48 100 489)	**55 222**
	(14 584 426)	**(100 028 925)**	**(97 362 673)**	**55 222**

	Group		Company
	2016 R	2015 R	2016 R

10. DEFERRED TAX *(continued)*

Deferred tax assets have been recognised as the directors have determined that future taxable amounts will be available to utilise these temporary differences. The deferred tax asset has been limited in terms of section 25BB of the Income Tax Act, No 58 of 1962.

In accordance with the holding company's status as a REIT and the company's status as a controlled property company (CPC), the distributions made in line with the holding company's distribution 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.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Fair value measurements

The company records derivative assets and liabilities at fair value.

Fair value is a market-based measurement and is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

A financial instrument's categorisation within a three-level valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Derivative assets and liabilities

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.

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

Internal models with significant observables market parameters (Level 2):			
Interest rate swap and interest rate cap	699 152	–	–

Interest rate swaps and interest rate cap

The notional principal amount of the interest rate swap contract at 29 February 2016 was R135 000 000 (2015: Nil).

The notional principal amount of the interest rate cap contract at 29 February 2016 was R135 000 000 (2015: Nil).

At 29 February 2016, the fixed interest rate is 10,17%, and 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.

12. LEASE INCENTIVE

	Group			Company
	2016 R	2015 R	2014 R	2016 R
Reconciliation of movements				
Carrying value at beginning of the year/period	19 771 205	5 812 217	–	–
Current year/period movement	5 371 270	13 958 988	5 812 217	–
Carrying value at end of the year/period	**25 142 475**	**19 771 205**	**5 812 217**	**–**
Non-current asset	22 495 899	17 124 622	3 096 978	–
Current asset	2 646 576	2 646 583	2 715 239	–
	25 142 475	**19 771 205**	**5 812 217**	**–**

13. TRADE AND OTHER RECEIVABLES

	Group		Company
	2016 R	2015 R	2016 R
Trade receivables	4 251 968	3 690 964	–
Prepayments	155 233	153 975	–
Deposits	–	1 400	–
Value added tax	–	2 737 598	–
Accrued income	1 749 878	133 594	–
	6 157 079	**6 717 531**	**–**
Fair value of trade and other receivables			
Trade and other receivables	6 157 079	6 717 531	–

Trade receivables fully performing

At 29 February 2016, R3 201 160 (2015: R2 971 241) trade receivables were fully performing.

Trade receivables past due but not impaired

Trade receivables past due related to past due rental income, which is not considered to be impaired as the amounts past due do not exceed the deposits received from lessees. At 29 February 2016, R1 050 808 (2015: R719 723) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

30 days past due	330 947	203 973	–
60 days past due	250 152	91 020	–
90 days past due	31 920	187 079	–
120 days past due	95 760	90 196	–
More than 120 days past due	342 029	147 455	–
	1 050 808	**719 723**	**–**

	Group		Company
	2016 R	2015 R	2016 R

Trade receivables impaired

As of 29 February 2016 and 28 February 2015 no trade receivables had been impaired or provided for. The other classes within trade and other receivables do not contain impaired assets.

Currencies

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

Rand	**6 157 079**	6 717 531	**–**

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

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	**32 217 081**	1 230 718	**5 001**

Facilities

As at 29 February 2016, the company had banking facilities in place of R271 000 000 with RMB of which a total of R270 000 000 has been drawn down (note 17).

Interest on the Standard Bank balance was earned at a rate linked to prime. At the end of the reporting period the interest rate was 6,15% (2015: 5,25%). Interest on the special deposit account held with RMB is earned at a rate of prime less 2%. Interest on all other deposit account balances held with RMB is earned at 5,8% and fluctuates with prime.

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

RMB/FNB (Rating – Baa2)	**32 217 081**	–	**5 001**
Standard Bank (Rating – Baa2)	–	1 230 718	**–**
	32 217 081	**1 230 718**	**5 001**

The ratings were obtained from Moodys. 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 Baa2.

Currencies

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

Rand	**32 217 081**	1 230 718	**5 001**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

	Group		Company
	2016 R	2015 R	2016 R
15. SHARE CAPITAL			
Authorised			
2 000 000 000 (2015: 10 000) ordinary shares of no par value	–	–	–
1 000 000 000 (2015: Nil) ordinary type A shares	–	–	–
	–	**–**	**–**
Reconciliation of number of shares issued:			
Shares in issue at the beginning of the period	**10 000**	10 000	–
100 000 001ordinary shares of no par value	**99 990 001**	–	**100 000 001**
	100 000 001	**10 000**	**100 000 001**

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 (2015: 10 000) ordinary shares of no par value	**625 000 001**	1 000	**625 000 001**
Share issue costs	**(4 994 207)**	–	**(4 994 207)**
	620 005 794	**1 000**	**620 005 794**

16. CAPITAL RE-ORGANISATION RESERVE

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

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

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.

	Group 2016 R	Group 2015 R	Company 2016 R
Recognised amounts of identifiable assets acquired and liabilities assumed:			
Consideration at 3 February 2016			
Equity instruments (90 000 000 ordinary shares)	562 500 000	–	562 500 000
Cash	62 437 500	–	62 437 500
Total purchase consideration	**624 937 500**	–	**624 937 500**
Investment properties	982 511 925	–	982 511 925
Straight-line lease asset	50 125 052	–	50 125 052
Lease incentive	25 363 023	–	25 363 023
Current tax asset	865 511	–	865 511
Trade and other receivables	4 665 124	–	4 665 124
Cash and cash equivalents	48 901 960	–	48 901 960
Bank borrowings	(270 000 000)	–	(270 000 000)
Amounts due to group companies	50 963	–	50 963
Trade and other payables	(24 415 833)	–	(24 415 833)
Deferred tax liability	(12 717 969)	–	(12 717 969)
Book value of identifiable assets and liabilities acquired under common control	**805 349 756**	–	**805 349 756**
Capital re-organisation reserve	**180 412 256**	**–**	**180 412 256**

17. BANK BORROWINGS

	Group 2016 R	Group 2015 R	Company 2016 R
Held at amortised cost			
The Standard Bank of South Africa Limited	–	198 289 598	–
Rand Merchant Bank	270 000 000	–	–
	270 000 000	**198 289 598**	**–**

RMB

The RMB facility is secured by a first mortgage bond over fixed property with a carrying value of R982 308 223 and currently attracts a floating rate of three-month JIBAR plus 1,65%. The RMB facility is repayable in August 2020. Newpark secured an interest rate swap and interest rate cap on this facility on 18 January 2016. The interest rate cap has the effect that 50% of the interest on the RMB facility is capped at a rate of 10,17%. In addition, the interest rate swap secured with RMB has the effect that in respect of the remaining 50% of the interest on the RMB facility, the floating portion of the current rate is swapped for a fixed rate of 8,52%, before the RMB margin of 1,65%. The interest rate swap and cap expire on 18 January 2019 and interest is payable quarterly. The RMB facility is repayable in August 2020.

The Standard Bank of South Africa Limited

The Standard Bank facility was secured by a first mortgage bond over fixed property with a carrying value of R739 591 244 and attracted a floating rate of three-month JIBAR plus 2,7%. Newpark secured an interest rate swap on the facility which had the effect that the floating portion of the current rate is swapped for a fixed rate of 7,15%, before the Standard Bank margin of 2,7%. The facility was repaid during the current year.

	Group		Company
	2016 R	2015 R	2016 R

17. BANK BORROWINGS *(continued)*

Fair value of bank borrowings			
Bank borrowings	**270 000 000**	198 289 598	**–**

Currencies

The carrying amounts of bank borrowings at amortised cost are denominated in the following currency:

Rand	**270 000 000**	198 289 598	**–**

18. AMOUNT DUE TO GROUP COMPANY

Subsidiary			
Newpark Towers Proprietary Limited	**–**	–	**4 695 980**

The above amount is unsecured, interest-free and has no fixed terms of repayment.

Fair value of amount due to group company			
Amount due to group company	**–**	–	**4 695 980**

Currencies

The carrying amount of amount due to group company is denominated in the following currency:

Rand	**–**	–	**4 695 980**

19. LOANS FROM SHAREHOLDERS

Ellwain Investments Proprietary Limited	–	17 236 999	–
Ellerine Bros Proprietary Limited	–	17 237 000	–
Renlia Developments Proprietary Limited	–	11 826 293	–
B van Wyk	–	1 099 679	–
	–	**47 399 971**	**–**

The above loans were unsecured and bore interest at prime interest rate as from March 2015. The loans were repaid during the current year.

Fair value of loans from shareholders

Loans from shareholders	**–**	47 399 971	**–**

Currencies

The carrying amount of loans from shareholders are denominated in the following currency:

Rand	**–**	47 399 971	**–**

	Group 2016 R	Group 2015 R	Company 2016 R

20. TRADE AND OTHER PAYABLES

	Group 2016 R	Group 2015 R	Company 2016 R
Accrued audit fees	650 000	97 170	–
Accrued interest	5 717 410	–	–
Deposits received	1 520 654	2 877 580	–
JSE tenant expenditure	17 448 811	7 133 954	–
Other payables	2 245 950	67 087	500 450
Value-added tax	1 246 792	–	–
	28 829 617	**10 175 791**	**500 450**

Fair value of trade and other payables

	Group 2016 R	Group 2015 R	Company 2016 R
Trade payables	**28 829 617**	10 175 791	**500 450**

Currencies

The carrying amounts of trade and other payables are denominated in the following currency:

	Group 2016 R	Group 2015 R	Company 2016 R
Rand	**28 829 617**	10 175 791	**500 450**

21. REVENUE

	Group 2016 R	Group 2015 R	Company 2016 R
Rental income	80 920 122	64 821 550	–
Straight-line adjustment of lease income	16 911 751	28 894 671	–
Straight-line lease incentive	(2 646 583)	(2 715 239)	–
	95 185 290	**91 000 982**	**–**

22. EXPENSES BY NATURE

	Group 2016 R	Group 2015 R	Company 2016 R
Administrative expenses	6 000 490	92 951	156 168
Property operating expenses	33 206 223	29 822 396	–
Total property operating and administrative expenses	**39 206 713**	**29 915 347**	**156 168**
Property operating expenses			
Administration and management fees	1 246 280	1 332 056	–
Repairs and maintenance	13 483 166	6 536 088	–
Utilities	13 156 617	14 733 800	–
Insurance	243 169	76 987	–
Depreciation	207 591	176 144	–
Employee cost	677 714	723 647	–
Cleaning	1 029 063	1 205 102	–
Security	1 531 315	2 348 832	–
Other expenses	1 631 308	2 689 740	–
Total property expenses	**33 206 223**	**29 822 396**	**–**
Administrative expenses			
Annual duty	7 000	–	–
Audit fees	733 513	81 101	–
Administration fees	–	3 920	–
Bank charges	16 566	7 930	–
Legal fees	317 042	–	–
Sundry expenses	226 369	–	156 168
Debt origination fee	1 000 000	–	–
Premium on interest rate cap	3 700 000	–	–
Total administrative expenses	**6 000 490**	**92 951**	**156 168**

	Group 2016 R	Group 2015 R	Company 2016 R

23. FINANCE INCOME

Interest revenue

	Group 2016 R	Group 2015 R	Company 2016 R
Bank	951 390	155 485	–
Trade and other receivables	209 895	144 213	–
	1 161 285	**299 698**	**–**

24. FAIR VALUE ADJUSTMENTS

	Group 2016 R	Group 2015 R	Company 2016 R
Investment property	241 824 687	(42 853 629)	–
Derivative financial instruments	699 152	–	–
	242 523 839	**(42 853 629)**	**–**

25. FINANCE COSTS

	Group 2016 R	Group 2015 R	Company 2016 R
Bank	958	1 034	–
Bank borrowings	19 513 349	19 689 806	–
Dividends	–	–	41 055
Interest paid interest rate swap	1 168 737	3 259 213	–
Shareholder loans	1 507 835	–	–
	22 190 879	**22 950 053**	**41 055**

26. TAXATION

Major components of the tax (income) expense

	Group 2016 R	Group 2015 R	Company 2016 R
Current			
Local income tax – recognised in current tax for prior periods	(92 334)	–	–
Deferred			
Originating and reversing temporary differences	(85 444 499)	2 666 252	(55 222)
	(85 536 833)	**2 666 252**	**(55 222)**

	Group		Company
	2016 R	2015 R	2016 R

26. TAXATION *(continued)*

Reconciliation of the tax expense

Reconciliation between accounting profit/(loss) and tax expense.

Accounting profit/(loss)	277 572 783	(4 418 349)	(197 223)
Tax at the applicable tax rate of 28% (2015: 28%)	77 720 379	(1 237 138)	(55 222)
Tax effect of adjustments on taxable income			
Fair value adjustment not subject to tax	(67 710 912)	4 007 669	–
Reversal of prior year deferred capital gains tax	(89 777 946)	–	–
Tax refunded – prior year error	(92 334)	–	–
Distribution	(5 486 507)	–	–
Other	(189 513)	(104 279)	–
	(85 536 833)	**2 666 252**	**(55 222)**

In determining the tax obligation of the groups, 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 2016.

27. EARNINGS PER SHARE

Basic earnings per share			
Basic			
Profit/(loss) attributable to shareholders	363 109 616	(7 084 601)	(142 001)
Weighted average number of ordinary shares in issue	90 739 727	90 000 001	90 739 727
Basic earnings/(loss) per share			
From continuing operations (cents per share)	400,17	(7,87)	(0,16)
Diluted earnings per share			
There are no dilutive instruments in issue.			
Profit/(loss) attributable to shareholders	363 109 616	(7 084 601)	(142 001)
Weighted average number of ordinary shares in issue	90 739 727	90 000 001	90 739 727
Diluted earnings per share (cents per share)	400,17	(7,87)	(0,16)
Headline			
Headline earnings is calculated as follows:			
Profit attributable to shareholders	363 109 616	(7 084 601)	(142 001)
Adjusted for:			
Change in fair value of investment property as a results of appreciation in property value and the tax consequence thereof	(331 602 633)	34 862 284	–
	31 506 983	**27 777 683**	**(142 001)**
Weighted average number of ordinary shares in issue	90 739 727	90 000 001	90 739 727

	Group 2016 R	Group 2015 R	Company 2016 R
Headline earnings per share (cents per share)			
From continuing operations (cents per share)	**34,72**	30,86	**(0,16)**
Distributable profit			
Distributable profit is calculated as follows:			
Headlines earnings	31 506 983	27 777 683	–
Adjusted for:			
Change in fair value of investment property as a results of amortisation of straight-line lease assets and the tax consequence thereof	(12 176 461)	(20 804 163)	–
Change in fair value of investment property as a results of amortisation of lease incentive	2 646 883	2 715 239	–
Fair value adjustment of financial derivative instrument and the tax consequences thereof	(503 389)	–	–
	21 474 016	**9 688 759**	**–**
Number of ordinary shares in issue	100 000 001	90 000 001	–
Distributable income per share (cents per share)			
From continuing operations (cents per share)	21,47	10,77	–

The weighted average number of shares has been calculated as 90 000 001 shares (being the underlying shares attributable to the pre-existing Newpark Towers shareholders) weighted for the full financial year, plus the additional 10 000 000 shares issued on listing, weighted to 29 February 2016, resulting in 90 739 727 shares (2015: 90 000 001 shares).

28. CASH GENERATED FROM OPERATIONS

	Group 2016 R	Group 2015 R	Company 2016 R
Profit/(loss) before taxation	277 572 783	(4 418 349)	(197 223)
Adjustments for:			
Depreciation	207 591	176 144	–
Finance income	(1 161 285)	(299 698)	–
Finance costs	22 190 879	22 950 053	41 055
Fair value adjustments	(242 523 839)	42 853 629	–
Straight-line lease assets	(16 911 751)	(28 894 671)	–
Lease incentive	(5 371 270)	(13 958 988)	–
Share issue costs in share capital	(4 994 207)	–	(4 994 207)
Changes in working capital:			
Trade and other receivables	560 455	(3 920 283)	–
Trade and other payables	18 653 828	1 847 690	500 451
Amount due to group company	–	–	4 695 980
	48 223 184	**16 335 527**	**46 056**

	Group		Company
	2016 R	2015 R	2016 R

29. TAXATION RECEIVED/(PAID)

Balance at beginning of the period	865 511	–	–
Current tax for the period recognised in profit or loss	92 334	–	–
Balance at end of the period	–	(865 511)	–
	957 845	**(865 511)**	**–**

30. RELATED PARTIES

Relationships

Subsidiary	Newpark Towers Proprietary Limited
Former shareholders of subsidiary	B van Wyk
	Ellerine Bros Proprietary Limited
	Ellwain Investments Proprietary Limited
	FHP Manager Proprietary Limited
	Renlia Developments Proprietary Limited

Related party balances

Loan accounts – owing to related parties			
Barry Daniel van Wyk	–	1 099 679	–
Ellerine Bros Proprietary Limited	–	17 237 000	–
Ellwain Investments Proprietary Limited	–	17 236 999	–
Renlia Developments Proprietary Limited	–	11 826 293	–
	–	**47 399 971**	–
Amounts due to related parties			
Newpark Tower Proprietary Limited	**–**	**–**	**4 695 980**

Related party transactions

Interest paid to related parties			
Newpark Towers Proprietary Limited	–	–	**41 055**
Interest paid to related parties			
B van Wyk	34 982	–	–
Ellerine Bros Proprietary Limited	548 324	–	–
Ellwain Investments Proprietary Limited	548 324	–	–
Renlia Developments Proprietary Limited	376 205	–	–
	1 507 835	**–**	**–**

31. DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors or any individuals holding a prescribed office during the period.

32. GOING CONCERN

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going-concern basis. The directors have satisfied themselves that the company 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 new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group

33. 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.

34. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS 1 required full retrospective application of IFRS. However, the standard allows for exceptions and exemptions from full retrospective application of IFRS. The mandatory exceptions from full retrospective application of IFRS are not applicable, other than the estimates exception in respect of which no adjustments were made. Furthermore, the company has chosen not to make use of any of the available exemptions, other than the exemption in respect of the retrospective application of IFRS 3: Business Combinations, which did not result in any adjustments.

Reconciliation between IFRS and IFRS for SMEs

The conversion of the financial results of the company from IFRS for SMEs to IFRS did not result in any adjustments to the company's previously reported financial position, financial performance or cash flows. As such, no reconciliations are presented.

In addition certain prior period errors were noted, which resulted in a restatement of prior year results. This is reflected as prior period error as part of the First Time adoption of Financial Reporting Standards reconciliation. Refer to note 35 for prior period error disclosure.

34. **FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS** *(continued)*

Reconciliation of equity at 1 January 2014 (Date of transition to the new standards)

	As reported under previous SME R	Prior period reclassification R	Prior period error R	IFRS R
Investment property	800 000 000	510 260	(18 223 645)	782 286 615
Property, plant and equipment	510 260	(510 260)	–	–
Deferred tax	682 599	(682 599)	–	–
Lease incentive	–	–	3 096 978	3 096 978
Total non-current assets	**801 192 859**	**(682 599)**	**(15 126 667)**	**785 383 593**
Trade and other receivables	2 797 248	–	–	2 797 248
Straight-line lease assets	11 742 880	–	–	11 742 880
Lease incentive assets	–	–	2 715 239	2 715 239
Cash and cash equivalents	2 858 014	–	–	2 858 014
Total current assets	**17 398 142**	**–**	**2 715 239**	**20 113 381**
Bank borrowings	192 402 153	–	–	192 402 153
Deferred tax	101 443 617	(682 599)	(3 398 345)	97 362 673
Loans from shareholders	47 399 971	–	–	47 399 971
Trade and other payables	8 328 101	–	–	8 328 101
Total liabilities	**349 573 842**	**(682 599)**	**(3 398 345)**	**345 492 898**
Total assets less total liabilities	**469 017 159**	**–**	**(9 013 083)**	**460 004 076**
Share capital	1 000	–	–	1 000
Retained earnings	469 016 159	–	(9 013 083)	460 003 076
Total equity	**469 017 159**	**–**	**(9 013 083)**	**460 004 076**

Reconciliation of equity at 28 February 2015

Investment property	800 000 000	668 518	(61 077 274)	739 591 244
Property, plant and equipment	668 518	(668 518)	–	–
Deferred tax	5 105 376	(5 105 376)	–	–
Straight-line lease assets	23 725 800	–	–	23 725 800
Lease incentive	–	–	17 124 622	17 124 622
Total non-current assets	**829 499 694**	**(5 105 376)**	**(43 952 652)**	**780 441 666**
Trade and other receivables	6 717 531	–	–	6 717 531
Current tax receivable	865 511	–	–	865 511
Straight-line lease assets	16 911 751	–	–	16 911 751
Lease incentive receivable	–	–	2 646 583	2 646 583
Cash and cash equivalents	1 230 718	–	–	1 230 718
Total current assets	**25 725 511**	**–**	**2 646 583**	**28 372 094**

	As reported under previous SME R	Prior period reclassification R	Prior period error R	IFRS R
Bank borrowings	198 289 598	–	–	198 289 598
Deferred tax	112 719 755	(5 105 376)	(7 585 454)	100 028 925
Loans from shareholders	47 399 971	–	–	47 399 971
Trade and other payables	10 175 791	–	–	10 175 791
Total liabilities	**368 585 115**	**(5 105 376)**	**(7 585 454)**	**355 894 285**
Total assets less total liabilities	**486 640 090**	**–**	**48 891 523**	**452 919 475**
Share capital	1 000	–	–	1 000
Retained earnings	486 639 090	–	(33 720 615)	452 918 475
Total equity	**486 640 090**	**–**	**(33 720 615)**	**452 919 475**

Reconciliation of profit or loss for 2015

Revenue	93 716 221	(16 674 227)	13 958 988	91 000 982
Property operating expenses	–	(29 822 396)	–	(29 822 396)
Gross profit/(loss)	93 716 221	(46 496 623)	13 958 988	61 178 586
Operating expenses	(46 589 574)	46 589 574	–	–
Administrative expenses	–	(92 951)	–	(92 951)
Finance income	299 698	–	–	299 698
Finance costs	(22 950 053)	–	–	(22 950 053)
Fair value adjustment	–	–	(42 853 629)	(42 853 629)
Net profit/(loss) before tax	24 476 292	–	(28 894 641)	(4 418 349)
Taxation	(6 853 361)	–	4 187 109	(2 666 252)
Net profit/(loss)	**17 622 931**	**–**	**(24 707 532)**	**(7 084 601)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

35. **PRIOR PERIOD ERRORS**

The up front payment of the lease incentive was expensed in full upon payment in order to extinguish the related liability at the due date being August 2015. No adjustment was processed in order to straight-line the up front payment of the lease incentive over the remaining term of the lease.

The correction of the errors results in adjustments as follows:

	28 February 2015 R	1 January 2014 R
Statement of financial position		
Current assets		
Increase in lease	19 771 205	5 812 217
Equity		
Increase in opening retained income	(5 812 217)	–
Increase in retained income	–	(5 812 217)
Non-current liabilities		
Increase in deferred tax	(3 804 236)	–
Statement of profit or loss and other comprehensive income		
Increase in revenue	(13 958 988)	–
Increase in taxation	3 804 236	–

The straight-line lease asset and the lease incentive receivable were not taken into account in determining the fair value of investment property.

The correction of the errors results in adjustments as follows:

	28 February 2015 R	1 January 2014 R
Statement of financial position		
Current assets		
Decrease in investment properties	(61 077 274)	(18 223 645)
Equity		
Decrease in opening retained income	14 825 300	–
Decrease in retained income	–	14 825 300
Non-current liabilities		
Decrease in deferred tax	11 389 690	3 398 345
Statement of profit or loss and other comprehensive income		
Decrease in fair value adjustment	42 853 629	–
Decrease in taxation	(7 991 345)	–

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to ensure consistent allocation between the current and prior year.

The effects of the reclassification are as follows:

	28 February 2015 R	1 January 2014 R
Statement of financial position		
Non-current assets		
Increase in investment property	668 518	510 260
Decrease in property, plant and equipment	(668 518)	(510 260)
Decrease in deferrred tax	(5 105 376)	(682 599)
Non-current liabilities		
Decrease in deferred tax	5 105 376	682 599
	–	–

Statement of profit or loss and other comprehensive income		
Decrease in revenue	(16 674 227)	–
Increase in property operating expenses	(29 822 396)	–
Decrease in operating expenses	46 589 574	–
Increase in administrative expenses	(92 951)	–
	–	–

37. DETAILS OF PROPERTY PORTFOLIO

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

Property name	Physical address	Sector	Weighted average rental per m^2 (R/m^2)	Rentable area (GLA) m^2	Vacancy (% of rentable area)
JSE Building	One Exchange Square, 2 Gwen Lane, Johannesburg, 2000 Gauteng	Office	Refer below	18 163,00	–
24 Central	6 Gwen Lane, Sandown, Sandton, 2196 Gauteng	Office and retail	186,04	15 083,92	–

Central 24: 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. Building is used as offices.

Analysis of the properties

An analysis of the properties in respect of geographic, sectoral, tenant, vacancy and lease expiry profiles as at 29 February 2016 is provided in the tables below.

37. DETAILS OF PROPERTY PORTFOLIO *(continued)*

Geographic profile

All of the properties are located in Gauteng.

	Based on GLA %	Based on gross rentals %
Sectoral profile		
Office	84,97	84,24
Retail	15,03	15,76
Total	**100,00**	**100,00**

	Based on GLA %
Tenant profile	
A	81,85
B	6,69
C	11,46
Total	**100,00**

For the tenant profile table, the following key is applicable:

A. Large international and national tenants, large listed tenants and government or smaller tenants in respect of which rental guarantees are issued. These include, *inter alia*, The JSE, Nedbank Limited, Saudi Arabian Airline Inc, Vida E Cafe Proprietary Limited, IBM South Africa Proprietary Limited and Mobile Telephone Networks Proprietary Limited.

B. Smaller international and national tenants, smaller listed tenants, major franchises and medium to large professional firms. These include, *inter alia*, CLP Investments 36 Proprietary Limited (News Cafe), Motrade 169 Proprietary Limited (Koi) and Central Lake Trading 293 Proprietary Limited (Baron).

C. Other local tenants and sole proprietors. These include, *inter alia*, TP South Africa Trading, Thirty-Four Degrees South Marketing Proprietary Limited, Club Sublime CC (Taboo), Juju Lounge CC (Cocoon), Siminox Proprietary Limited, Wolfpack, Rockets Express, ATM Solutions Proprietary Limited and Boo Media.

	Based on GLA %
Vacancy profile	
Office	–
Retail	–
Total	**–**

	Based on GLA %	Based on gross rentals %
Lease expiry profile		
Vacant	–	–
29 February 2016	–	0,07
28 February 2017	8,44	3,45
28 February 2018	13,98	10,69
28 February 2019	13,00	10,02
29 February 2020	6,99	6,14
After 29 February 2020	57,59	69,63
Total	**100,00**	**100,00**

Rental per square metre and rental escalation

The weighted average rental per square metre of the properties as at 29 February 2016 is R186.04. The weighted average rental escalation, based on existing leases by GLA, for the properties is 8,28%.

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 Thursday, 20 October 2016 at 12:30 ("**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 period ended 29 February 2016 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

Record date for purposes of receiving this notice:	Wednesday, 31 August 2016
Last day to trade in order to be eligible to participate in and vote at the annual general meeting:	Tuesday, 11 October 2016
Record date for purposes of voting at the meeting ("**voting record date**"):	Friday, 14 October 2016
Last day to lodge forms of proxy by 12:30 on:	Tuesday, 18 October 2016
Annual general meeting held at 12:30 on:	Thursday, 20 October 2016
Results of annual general meeting released on SENS on:	Thursday, 20 October 2016

Kindly note that in terms of section 62(3)(e) of the Companies Act, 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' licences and passports.

1. ORDINARY RESOLUTION NUMBER 1: ADOPTION OF ANNUAL FINANCIAL STATEMENTS

"Resolved that the annual financial statements of the company for the period ended 29 February 2016, including the directors' report and the report of the Audit and Risk Committee, be and are hereby received and adopted."

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: CONFIRMATION OF APPOINTMENT OF DIRECTOR

"Resolved that the appointment of Mr Gary David Harlow as independent non-executive director and chairman (effective 7 January 2016) be confirmed."

An abridged *curriculum vitae* is included in the integrated annual 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.

3. ORDINARY RESOLUTION NUMBER 3: CONFIRMATION OF APPOINTMENT OF DIRECTOR

"Resolved that the appointment of Mr David Ivor Sevel as independent non-executive director (effective 7 January 2016) be confirmed."

An abridged *curriculum vitae* is included in the integrated annual 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. ORDINARY RESOLUTION NUMBER 4: CONFIRMATION OF APPOINTMENT OF DIRECTOR

"Resolved that the appointment of Ms Dionne Traci Hirschowitz (née Ellerine) as non-executive director (effective 7 December 2015) be confirmed."

An abridged *curriculum vitae* is included in the integrated annual 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: CONFIRMATION OF APPOINTMENT OF DIRECTOR**

"Resolved that the appointment of Mr Barry Daniel van Wyk as non-executive director (effective 7 December 2015) be confirmed."

An abridged *curriculum vitae* is included in the integrated annual 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.

6. **ORDINARY RESOLUTION NUMBER 6: CONFIRMATION OF APPOINTMENT OF DIRECTOR**

"Resolved that the appointment of Mr Howard Charles Turner as independent non-executive director (effective 7 January 2016) be confirmed."

An abridged *curriculum vitae* is included in the integrated annual 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.

7. **ORDINARY RESOLUTION NUMBER 7: CONFIRMATION OF APPOINTMENT OF DIRECTOR**

"Resolved that the appointment of Mr Kevin Murray Ellerine as non-executive director (effective 7 December 2015) be confirmed."

An abridged *curriculum vitae* is included in the integrated annual 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.

8. **ORDINARY RESOLUTION NUMBER 8: CONFIRMATION OF APPOINTMENT OF DIRECTOR**

"Resolved that the appointment of Mr Simon Peter Fifield as executive director (effective 7 January 2016) be confirmed."

An abridged *curriculum vitae* is included in the integrated annual 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.

9. **ORDINARY RESOLUTION NUMBER 9: CONFIRMATION OF APPOINTMENT OF DIRECTOR**

"Resolved that the appointment of Mr Ronnie Ralph Hill as executive director (effective 7 January 2016) be confirmed."

An abridged *curriculum vitae* is included in the integrated annual 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.

10. **ORDINARY RESOLUTION NUMBERS 10.1 TO 10.3: REAPPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE**

10.1. **Ordinary resolution number 10.1: Reappointment 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 71 of 2008, Mr Howard Charles Turner, an independent non-executive director, be reappointed as a member and chairman of the Audit and Risk Committee."

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

10.2. **Ordinary resolution number 10.2: Reappointment of Mr David Ivor Sevel as a member of the Audit and Risk Committee**

"Resolved that in terms of section 94(2) of the Companies Act 71 of 2008, Mr David Ivor Sevel, an independent non-executive director, be reappointed as a member of the Audit and Risk Committee."

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

10.3. **Ordinary resolution number 10.3: Reappointment of Mr Gary David Harlow as a member of the Audit and Risk Committee**

"Resolved that in terms of section 94(2) of the Companies Act 71 of 2008, Mr Gary David Harlow, an independent non-executive director, be reappointed as a member of the Audit and Risk Committee, whose dual role as chairman of the board and member of the Audit and Risk Committee is specifically approved."

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

11. ORDINARY RESOLUTION NUMBER 11: REAPPOINTMENT OF AUDITORS

"Resolved that PricewaterhouseCoopers Inc, together with Eric Mackeown, 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 71 of 2008, PricewaterhouseCoopers Inc.

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

12. ORDINARY RESOLUTION NUMBER 12: 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 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 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", all as defined in the JSE Listings Requirements, unless the JSE otherwise agrees;

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

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

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

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

g. in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to by the directors of the company."

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.

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

13. ORDINARY RESOLUTION 13: SPECIFIC AUTHORITY TO ISSUE SHARES PURSUANT TO A REINVESTMENT OPTION

"Resolved that, subject to the provisions of the Companies Act, the company's Memorandum of Incorporation and 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.

14. ORDINARY RESOLUTION NUMBER 14: NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY

"Resolved that, in accordance with the principles of the King III report on governance, and through a non-binding advisory vote, the company's remuneration policy and the implementation thereof as further detailed on page 19 of the integrated annual report of which this notice forms part, be and is hereby approved.

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

15. 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, 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, each as presently constituted and as amended from time to time, 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 will, however, require 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.

16. 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, 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 annual report, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders – page 32.
- Capital structure of the company – page 64 (note 15).

Directors' responsibility statement

The directors whose names appear on pages 6 and 7 of the integrated annual 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 annual report of which this notice forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial period ended 29 February 2016 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.

17. SPECIAL RESOLUTION NUMBER 3: APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

"Resolved, as a special resolution, that the fees payable by the company to non-executive directors for their services as directors (in terms of section 66 of the Companies Act) be and are hereby approved with effect from 1 March 2016 for a period of two years from the passing of this resolution or until its renewal, whichever is the earliest, as follows:

Board chairperson	R225 000 per annum
Non-executive director	R150 000 per annum
Audit and Risk Committee chairperson	R45 000 per annum
Audit and Risk Committee member	R30 000 per annum
Investment Committee chairperson	R15 000 per annum
Investment Committee member	R10 000 per annum
Remuneration Committee chairperson	R30 000 per annum
Remuneration Committee member	R20 000 per annum
Social and Ethics Committee chairperson	R30 000 per annum
Social and Ethics Committee member	R20 000 per annum

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

18. SPECIAL RESOLUTION NUMBER 4: AMENDMENT TO THE COMPANY'S MEMORANDUM OF INCORPORATION

"Resolved, as a special resolution that, in accordance with section 16(1)(c) of the Companies Act 71 of 2008 ("the Companies Act"), with effect from the date on which this special resolution has been adopted and filed in accordance with the requirements of section 16(9) of the Companies Act, the Company's Memorandum of Incorporation ("MOI") be amended by the deletion of clause 7.8.7 of the MOI and the replacement thereof with the following new clause 7.8.7:

7.8.7 is otherwise undertaken in accordance with an authority approved by Ordinary Shareholders in general meeting, provided that if any entitlement to a fraction of a Share arises pursuant to such an offer, such entitlement to a fraction will be administered in accordance with the provisions of the JSE Listings Requirements. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may, subject to the aforegoing provisions, issue such Shares in such manner as they consider most beneficial to the Company.

Explanation for proposed amendment to the company's MOI

Previously, the JSE Listings Requirements provided that all allocations of shares will be rounded up or down based on standard rounding convention (i.e. allocations will be rounded down to the nearest whole number if they are less than 0,5 and will be rounded up to the nearest whole number if they are equal to or greater than 0,5) resulting in allocations of whole securities and no fractional entitlements.

The proposed amendment to the MOI of the company is required to comply with the amendments to the JSE Listings Requirements, effective 18 January 2016. In terms of the amendment to the JSE Listings Requirements, allocations of shares must now be rounded down to the nearest whole number and shareholders must receive a cash payment for the fractions of shares to which they would otherwise have become entitled, subject to the provisions of the MOI. The CSDP and/or brokers will then sell the shares constituted by the aggregation of the fractions in the open market.

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

19. ORDINARY RESOLUTION NUMBER 15: SIGNATURE OF DOCUMENTATION

"Resolved that a 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 13 and special resolutions number 1, 2, 3 and 4 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 must complete and return the attached form of proxy and lodge it with the Transfer Secretaries of the company, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (P O Box 61051, Marshalltown, 2107), to be received by no later than 12:30 on Tuesday, 18 October 2016. Alternatively, the form of proxy may be handed to the chairperson of the annual general meeting, at the annual general meeting prior to the commencement of 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 12:30 on Tuesday, 18 October 2016 by submitting and email to the Company Secretary at companysec@newpark.co.za or faxed to +27 11 688 5279, for the attention of Gillian Prestwich, with the relevant contact details, including:

- an email address;
- cellular number and landline; and
- 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. The completed forms of proxy must be deposited at, or posted or faxed to the transfer secretaries Computershare Investor Services Proprietary Limited, to be received at least 48 hours prior to the annual general meeting.

Alternatively, the form of proxy may be handed to the chairperson of the annual general meeting, at the annual general meeting prior to the commencement of 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.

By order of the Board

CIS Company Secretaries Proprietary Limited
Company Secretary

Registered office and business address
51 West Street, Houghton Estate, Johannesburg, 2001
P O Box 3178, Houghton, 2041

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001
P O Box 3178, Marshalltown, 2107

FORM OF PROXY

Newpark REIT Limited
(Incorporated in the Republic of South Africa)
(Registration number 205/436550/06)
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, 14 October 2016 (the voting record date), at the annual general meeting to be held at Unit 9A, 1st Floor, 3 Melrose Boulevard, Melrose Arch, at 12:30 on Thursday, 20 October 2016 (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 chairman 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: Adoption of annual financial statements			
Ordinary resolution number 2: Confirmation of appointment of Gary David Harlow as director			
Ordinary resolution number 3: Confirmation of appointment of David Ivor Sevel as director			
Ordinary resolution number 4: Confirmation of appointment of Dionne Traci Hirschowitz (née Ellerine) as director			
Ordinary resolution number 5: Confirmation of appointment of Barry Daniel van Wyk as director			
Ordinary resolution number 6: Confirmation of appointment of Howard Charles Turner as director			
Ordinary resolution number 7: Confirmation of appointment of Kevin Murray Ellerine as director			
Ordinary resolution number 8: Confirmation of appointment of Simon Peter Fifield as director			
Ordinary resolution number 9: Confirmation of appointment of Ronnie Ralph Hill as director			
Ordinary resolution number 10: Reappointment of the members of the Audit and Risk Committee:			
10.1 Howard Charles Turner (chairperson)			
10.2 David Ivor Sevel			
10.3 Gary David Harlow			
Ordinary resolution number 11: Reappointment of auditors			
Ordinary resolution number 12: General authority to issue shares for cash			
Ordinary resolution number 13: Specific authority to issue shares pursuant to a reinvestment option			
Ordinary resolution number 14: Approval of remuneration policy			

	Number of votes		
	Shares		
	*For	*Against	*Abstain
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			
Special resolution number 4: Amendment to Company's Memorandum of Incorporation			
Ordinary resolution number 16: 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 ______________________ 2016

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 must be deposited at Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, or posted to P O Box 61051, Marshalltown, 2107, so as to arrive by no later than 12:30 on Tuesday, 18 October 2016, or handed to the transfer secretaries or the chairman of the annual general meeting at any time prior to the commencement of 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, 14 October 2016, 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 chairman 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 chairman of the annual general meeting, if the chairman 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, Ground Floor, 70 Marshall Street, Johannesburg, 2001, or posted to P O Box 61051, Marshalltown, 2107, so as to be received by not later than 12:30 on Tuesday,

18 October 2016. Alternatively, the form of proxy may be handed to the Transfer Secretaries or the chairman of the annual general meeting at any time prior to the commencement of 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.

   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.

8. The chairman 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.

9. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory/ies.

10. 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 chairman of the annual general meeting.

11. 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.

12. Where there are joint holders of shares:

    12.3. any one holder may sign the form of proxy; and

    12.4. 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.

13. 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 Ground Floor, Marshall Street, Johannesburg, to reach the company by no later than 12:30 on Tuesday, 18 October 2016, or prior to the annual general meeting.

14. 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.

15. 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."

SHAREHOLDER INFORMATION

Shareholders' diary

Financial year-end	28 February
Annual general meeting	20 October 2016
Announcement of annual results	31 May 2016
Integrated annual report released	31 August 2016
Announcement of interim results	21 October 2016

DEFINITIONS

"AltX"	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, 2008 (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, Ron Hill, appointed 7 January 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 AltX exchange as a "Diversified REIT" on 3 February 2016
"JSE"	JSE Limited, the South African securities exchange
"King III Report"	King Report on Corporate Governance for South Africa 2009
"listing date"	3 February 2016, the date Newpark REIT listed as a "Diversified REIT" on the JSE AltX exchange
"JSE Listings Requirements"	the Listings Requirements, as issued by the JSE from time to time
"m^2"	square metres
"major subsidiary"	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 subsidiary
"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 shares"	10 000 000 shares in the company to be issued in terms of the private placement
"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
"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

DEFINITIONS *(continued)*

RMB	Rand Merchant Bank, a division of First Rand 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 3 February to 29 February 2016
"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

Gauteng, 2198

(PO Box 3178, Gauteng, 2041)

Place and date of Incorporation-Incorporated in South Africa on 7 December 2015

Company Secretary

Neville Toerien (BA LLB)

CIS Company Secretaries Proprietary Limited

(Registration number 2006/024994/07)

70 Marshall Street

Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

Corporate advisor and bookrunner

Java Capital Proprietary Limited

(Registration number 2012/089864/07)

6A Sandown Valley Crescent

Sandown

Sandown 2196

(PO Box 2087, Parklands, 2121)

Designated advisor

Java Capital Trustees and Sponsors Proprietary Limited

(Registration number 2006/005780/07)

6A Sandown Valley Crescent

Sandown

Sandown 2196

(PO Box 2087, Parklands, 2121)

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 Limited

(Registration number 1929/001225/06)

1 Merchant Place

Cnr Fredman Drive & Rivonia Road

Sandton, 2196

(PO Box 786273, Sandton, 2146)

Transfer Secretaries

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

Ground Floor, 70 Marshall Street

Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

GENERAL INFORMATION

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Property holding and investment company	
Company registration number	2015/436550/06	
JSE share code	NRL	
ISIN	ZAE000212783	
Registered office and business address	51 West Street Houghton Gauteng 2198	
Postal address	PO Box 3178 Gauteng 2041	
Directors	GD Harlow	*Chairman, independent non-executive director*
	SP Fifield	*Chief executive director*
	RR Hill	*Financial director*
	BD van Wyk	*Non-executive director*
	DT Ellerine	*Non-executive director*
	KM Ellerine	*Non-exectutive director*
	HC Turner	*Independent non-executive director*
	DI Sevel	*Independent non-executive director*
Bankers	Rand Merchant Bank, a division of First Rand Limited	
Auditors	PricewaterhouseCoopers Inc.	
Secretary	CIS Company Secretaries Proprietary Limited	
Transfer secretaries	Computershare Investor Services Proprietary Limited	
Designation advisor	Java Capital Trustees and Sponsors Proprietary Limited	
Level of assurance	These financial statements have been audited by our external auditors, PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act 71 of 2008	
Preparer	The consolidated financial statements were independently compiled by Joanne Lindsay CA(SA) under the supervision of RR Hill BCom, Hons BCompt	
Issued	30 May 2016	