

NEWPARK REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2015/436550/06)

JSE share code: NRL ISIN: ZAE000212783

(Approved as a REIT by JSE)

("Newpark" or "the Company" or "the Group")



**CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2019
AND CHANGE TO THE BOARD OF DIRECTORS**

DIRECTORS' COMMENTARY**Nature of Business**

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

Property portfolio

Newpark's property portfolio consists of four properties. Two are located in the heart of Sandton, Gauteng, namely the JSE Building which has 18,163 m² of gross lettable area ("GLA") and an adjoining mixed-use property known as 24 Central, which has 15,118 m² of GLA. A further property is situated in Linbro Business Park which has 12,387 m² of GLA and the fourth property is situated in Crown Mines which has 11,277 m² of GLA. The combined valuations of these properties prepared by the registered property valuer are performed annually at the Group's year-end. The latest valuation as at 28 February 2019 was R1.41 billion.

Strategy

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

Commentary on results

The Group's results for the six month period were materially in line with expectations. Vacancies during the latter part of the six months under review reduced to 11,9% (FY2019: 15.7%; prior comparable period H1 F2019: 17.4%) with rental income starting only during H2 FY2020.

The Group's revenue declined by 9.0% to R61.0 million (H1 F2019: R67.0 million) mainly due to vacancies arising at the end of the prior comparative period. Besides the vacancies at 24 Central, the tenant profile has remained largely the same and no acquisitions or disposals were made during this period.

Distributable Earnings

Distributable earnings for the six months to 31 August 2019 decreased by 2.5% to 24,32 cents per share (H1 F2019: 24,95 cents per share). Accordingly, the board of directors ("the board") has declared an interim dividend of 24,32074 cents per share for the six months ended 31 August 2019.

Lease profiles

SECTORAL SPLIT		
Based on:	GLA	Gross Rentals
Mixed use (retail and office)	26,6%	31,8%
Office	31,9%	46,1%
Industrial	41,5%	22,1%
	100,0%	100,0%

LEASE EXPIRY PROFILE & VACANCIES

Based on:	GLA	Gross Rentals
Vacant	11,9%	15,8%
Feb 2020	4,9%	5,4%
Feb 2021	0,2%	0,3%
Feb 2022	3,7%	5,5%
Feb 2023	0,0%	0,0%
Feb 2024	0,3%	0,5%
> Feb 2024	79,0%	72,5%
	100,0%	100,0%

Funding

	Amount R'000	Margin
Facilities		
Expiry May 2020 (facility 1A)	450 000	3-month Jibar+1,95%
Expiry May 2020 (facility 1B)	50 000	Prime-1,28%
TOTAL	500 000	
	Amount R'000	Hedges of 3-month Jibar base-rate
Hedge instruments		
Hedge 3: rate swap – expires 2020/4/10 (rolls into Hedge 5)	230 000	7,70%
Hedge 4: rate swap – started 2017/6/30 / expires 2022/5/31	135 000	8,085%
Hedge 5: rate swap – to start 2020/4/10 / expires 2022/5/31	230 000	7,993%
Hedge 6: rate swap – to start 2022/6/1 / expires 2024/6/1	135 000	7,990%
Hedge7a: zero cost collar – started 2019/5/23 / expires 2022/5/23	135 000	8,550%
Hedge7b: zero cost collar – started 2019/5/23 / expires 2022/5/23	135 000	7,000%

The RMB facilities consist of a 3-year Term Loan Facility (facility 1A) of R450 000 000 and a Revolving Credit Facility (facility 1B) of R50 000 000, both maturing in May 2020. Due to the short-dated refinancing date on the borrowings the entire value of the borrowings are disclosed as current. The refinancing risk is considered to be low and refinancing discussions has already been initiated. The facilities are secured mainly by mortgage bonds together with a cession of the leases over the four properties. The term loan remains appropriately hedged as outlined above.

Interest rate & Percentage of debt hedged

The all-in weighted average cost of funding is 9,617% (28 February 2019: 9,573%) and the average hedge-term is 2,75 years. It is the board's policy to hedge at least 70% of the exposure to interest rate risk and Newpark currently has 81% of its exposure hedged with swap-instruments, with an appropriate collar (hedge 7) in place over the remaining exposed position of the borrowings.

Summary of financial performance

	31 August 2019	31 August 2018	28 February 2019
Shares in issue	100,000,001	100,000,001	100,000,001
Net asset value per share	R9,25	R9,19	R9,25
Loan-to-value ratio *	31,6%	32,2%	31,9%
Gross property operating expense ratio	17,7%	16,1%	19,4%

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

Outlook

Newpark is on track to deliver growth of 6,0% to 8,0% in distributable income per share for FY2020 as indicated in the audited financial results for the 12 months ended 28 February 2019. The forecast is based on the budgeted vacancy profile at 24 Central and the assumption that no further adverse changes to the macro-economic environment will prevail, no material tenant default will occur and operating cost increases will remain in line with budget.

The board remains mindful of the current pressures experienced by tenants in the mixed-use building (24 Central), manifesting in higher than desired vacancies in the short-term. The focus on filling the vacancies in the Group's mixed-use building (24 Central) has started to yield results with vacancies reducing by 5.1% and rental income expected to increase during H2 FY2020 at market related rates.

Newpark will continue to focus on a disciplined approach to the acquisition of high-quality properties that offer meaningful growth in both capital and income. The anticipated acquisition pipe-line referred to in the previous results announcement did not materialise as anticipated.

This forecast has not been audited or reviewed by the Company's auditors.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 31 August 2019 (R'000)	Unaudited 31 August 2018 (R'000)	Audited 28 February 2019 (R'000)
Assets				
Non-current assets				
Investment properties	note 3	1 279 821	1 261 620	1 278 334
Straight-line lease asset		113 824	107 831	111 463
Lease incentive		13 233	15 879	14 556
		1 406 878	1 385 330	1 404 353
Current Assets				
Trade and other receivables		5 086	8 704	3 960
Straight-line lease asset		-	210	-
Lease incentive		2 647	2 647	2 647
Cash and cash equivalents		6 757	7 618	9 141
Total Current Assets		14 490	19 179	15 748
Total Assets		1 421 368	1 404 509	1 420 101
Equity and Liabilities				
Equity				
Share capital		619 918	619 918	619 918
Reserves		180 412	180 412	180 412
Retained income		124 652	118 550	124 526
		924 982	918 880	924 856
Liabilities				
Non-Current Liabilities				
Bank borrowings		-	454 000	458 500
Derivative financial instruments		14 945	1 634	8 063
		14 945	455 634	466 563
Current liabilities				
Trade and other payables		29 441	29 995	28 682
Bank borrowings		452 000	-	-
Total Current Liabilities		481 441	29 995	28 682
Total Liabilities		496 386	485 629	495 245
Total Equity and Liabilities		1 421 368	1 404 509	1 420 101

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 31 August 2019 (R'000)	Unaudited 6 months ended 31 August 2018 (R'000)	Audited 12 months ended 28 February 2019 (R'000)	
Revenue	61 024	66 974	127 901	
Property operating expenses	(10 800)	(10 806)	(26 612)	
Administrative expenses	(3 227)	(2 932)	(5 800)	
Net gain from fair value adjustment on investment property	-	-	16 903	
Net change in fair value of financial instruments at fair value through profit or loss	(6 881)	9 416	2 987	
Operating profit	40 116	62 652	115 379	
Finance income	713	790	1 235	
Finance costs	(22 353)	(22 344)	(44 592)	
Profit before taxation	18 476	41 098	72 022	
Taxation	-	-	-	
Profit for the period	18 476	41 098	72 022	
Other comprehensive income	-	-	-	
Total comprehensive income	18 476	41 098	72 022	
Earnings per share information (cents per share)				
Basic earnings per share	note 4	18,48	41,10	72,02
Diluted earnings per share	note 4	18,48	41,10	72,02

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (R'000)	Share issue costs (R'000)	Total share capital (R'000)	Capital reorganisation reserve (R'000)	Retained (loss)/income (R'000)	Total equity (R'000)
Audited						
Balance at 1 March 2018	625 000	(5 082)	619 918	180 412	103 598	903 928
Costs associated with issue of shares	-	-	-	-	72 022	72 022
Dividend distributions to owners of company recognised directly in equity	-	-	-	-	(51 094)	(51 094)
Balance at 1 March 2019	625 000	(5 082)	619 918	180 412	124 526	924 856
Unaudited						
Profit for the period	-	-	-	-	18 476	18 476
Dividend distributions to owners of company recognised directly in equity	-	-	-	-	(18 350)	(18 350)
Balance at 31 August 2019	625 000	(5 082)	619 918	180 412	124 652	924 982

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 31 August 2019 (R'000)	Unaudited 6 months ended 31 August 2018 (R'000)	Audited 12 months ended 28 February 2019 (R'000)
Cash flows from operating activities			
Cash generated from operations	45 777	50 760	94 535
Finance income	713	790	1 235
Finance costs	(22 353)	(22 344)	(44 592)
Tax received	-	2 274	2 273
Net cash generated from operating activities	24 137	31 480	53 451
Cash flows from investing activities			
Purchase of furniture, fixtures and plant	(1 671)	(36)	(36)
Net cash utilised by investing activities	(1 671)	(36)	(36)
Cash flows from financing activities			
Dividends paid	(18 350)	(26 146)	(51 094)
Bank borrowings advanced	-	600	5 100
Bank borrowings repaid	(6 500)	-	-
Net cash utilised by financing activities	(24 850)	(25 546)	(45 994)
Total cash and cash equivalent movement for the period	(2 384)	5 898	7 421
Cash and cash equivalents at beginning of period	9 141	1 720	1 720
Total cash and cash equivalents at end of period	6 757	7 618	9 141
Additional info on cash flow:			
Cash generated from operations before working capital changes	46 142	46 685	87 030
Working capital changes	(365)	4 075	7 505
Cash generated from operations	45 777	50 760	94 535

SIGNIFICANT FINANCIAL STATEMENT NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed unaudited consolidated financial statements for the six months ended 31 August 2019 have been prepared in accordance with the requirements of the JSE Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa. The JSE Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

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

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

The directors take full responsibility for the preparation of this interim condensed report and for ensuring that the financial information has been correctly extracted from the underlying unaudited financial statements. These condensed unaudited consolidated interim financial statements have not been reviewed by the Company's auditors.

2. SEGMENTAL ANALYSIS

Segmental information

At 31 August 2019, the Group is organised into three main operating segments:

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

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

31 August 2019 (unaudited)

	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Revenue	17 560	28 066	15 398	-	61 024
Property operating expenses	(9 190)	-	(1 610)	-	(10 800)
Administrative expenses	-	-	-	(3 227)	(3 227)
Net change in fair value of financial instruments at fair value through profit or loss	-	-	-	(6 881)	(6 881)
Operating profit	8 370	28 066	13 788	(10 108)	40 116

31 August 2018 (unaudited)

	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Revenue	23 348	28 246	15 380	-	66 974
Property operating expenses	(9 293)	-	(1 513)	-	(10 806)
Administrative expenses	-	-	-	(2 932)	(2 932)
Net change in fair value of financial instruments at fair value through profit or loss	-	-	-	9 416	9 416
Operating profit	14 055	28 246	13 867	6 484	61 652

28 February 2019 (audited)

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

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

31 August 2019 (unaudited)

	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Investment property	421 433	620 752	237 636	-	1 279 821
Straight-line lease asset	1 301	86 011	26 512	-	113 824
Lease incentive	-	15 880	-	-	15 880
Trade & other receivables	5 086	-	-	-	5 086
Cash & cash equivalents	-	-	-	6 757	6 757
Total	427 820	722 643	264 148	6 757	1 421 368

31 August 2018 (unaudited)

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

28 February 2019 (audited)

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

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

31 August 2019 (unaudited)

	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Bank borrowings	-	-	-	452 000	452 000
Derivative financial instruments	-	-	-	14 945	14 945
Trade and other payables	2 728	15 225	511	10 977	29 441
	2 728	15 225	511	477 922	496 386

31 August 2018 (unaudited)

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

28 February 2019 (audited)

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

3. Investment properties

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

	Unaudited 31 August 2019 (R'000)			Audited 28 February 2019 (R'000)		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Investment property	1 277 377	-	1 277 377	1 276 421	-	1 276 421
Furniture, fixtures & plant	4 662	(2 218)	2 444	3 947	(2 034)	1 913
Total	1 282 039	(2 218)	1 279 821	1 280 368	(2 034)	1 278 334

Reconciliation of investment properties – 31 August 2019

	Opening balance	Additions	Fair value adjustments	Depreciation	Closing balance
Investment property	1 276 421	-	-	-	1 276 421
Furniture, fixtures & plant	1 913	1 671	-	(184)	3 400
Total	1 278 334	1 671	-	(184)	1 279 821

Reconciliation of investment properties - 28 February 2019

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

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

	31 August 2019 (R'000)	28 February 2019 (R'000)
JSE Building		
Portion 25 of Erf 7 Sandown Johannesburg, South Africa		
-Purchase price	18 070	18 070
-Fair value adjustment	602 682	602 682
-Straight-line of lease asset	86 012	84 045
-Lease-incentive	15 880	17 203
	722 644	722 000
24 Central		
Portion 20 of Erf 7 Sandton Township, registration division IR, Province of Gauteng		
-Purchase price	238 000	238 000
-Fair value adjustment	176 808	176 808
-Straight-line of lease asset	1 301	2054
-Net capitalised expenditure	6 625	5 138
	422 734	422 000
Linbro Park		
Portion 3 of Erf 9 Frankenwald Ext3 Johannesburg, South Africa		
-Purchase price	127 858	127 858
-Fair value adjustment	12 350	12 350
-Straight-line of lease asset	20 439	20 094
-Net capitalised expenditure	698	698
	161 345	161 000
Crown Mines		
Erven 1 and 2 Crown City Extension 1		
-Purchase price	85 044	85 044
-Fair value adjustment	11 686	11 686
-Straight-line of lease asset	6 072	5 270
	102 802	102 000

	31 August 2019 (R'000)	28 February 2019 (R'000)
Fair value of investment property for accounting purposes		
Opening fair value of property assets	1 407 000	1 381 600
Gross fair value adjustment on investment property	-	16 903
Additions to furniture and fittings	1 671	36
Depreciation	(184)	(372)
Straight-line lease asset and lease incentive movement	1 038	8 833
Property valuation	1 409 525	1 407 000
Less: straight-line lease income adjustment	(113 824)	(111 463)
Less: lease incentive receivable	(15 880)	(17 203)
Closing carrying value of property assets	1 279 821	1 278 334

Securities

Mortgage bonds at a nominal value of R500 000 000 (February 2019: R500 000 000) have been registered over investment properties with a fair value of R1 279 820 611 (February 2019: R1 278 333 718) as security for interest bearing liabilities.

Details of valuation

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

Refer to the annual financial statements as at 28 February 2019 for the details relating to the year-end valuation.

4. Earnings per share

	Unaudited 6 months ended 31 August 2019 (R'000)	Unaudited 6 months ended 31 August 2018 (R'000)	Audited 12 months ended 28 February 2019 (R'000)
Basic earnings per share			
Profit attributable to shareholders	18 476	41 098	72 022
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
Basic earnings per share (cents per share)	18,48	41,10	72,02
Diluted earnings per share			
There are no dilutive instruments in issue			
Profit attributable to shareholders	18 476	41 098	72 022
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
Basic diluted earnings per share (cents per share)	18,48	41,10	72,02
Headline earnings per share			
Profit attributable to shareholders	18 476	41 098	72 022
Adjusted for:			
Change in fair value of investment property and tax thereof	-	-	(16 903)
	18 476	41 098	55 119
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
Headline earnings per share (cents per share)	18,48	41,10	55,12

5. Distributable earnings per share

In addition to the performance measured set out in note 4 above, the group uses Distributable Earnings per Share (“DPS”) as an alternative performance measure. DPS is a non-IFRS measure and must not be seen to replace or dilute the importance of the IFRS-based performance measures disclosed in this report, but rather to enhance the reported information for the users of the financial statements. In order to better understand the DPS performance measure a reconciliation is provided below.

Distributable income	Unaudited 6 months ended 31 August 2019 (R'000)	Unaudited 6 months ended 31 August 2018 (R'000)	Audited 12 months ended 28 February 2019 (R'000)
Headline earnings (refer note 4)	18 476	41 098	55 119
Adjusted for:			
Change in fair value of investment property as a result of amortisation of straight-line lease asset and tax thereof	(2 361)	(8 057)	(11 479)
Change in fair value of investment property as a result of amortisation of lease incentive and tax thereof	1 323	1 323	2 647
Fair value adjustment of financial derivative instruments and the tax thereof	6 881	(9 416)	(2 987)
Deferred tax and other non-cash movements	-	-	-
	24 319	24 949	43 300
Actual number of ordinary shares in issue ('000)	100 000	100 000	100 000
Reconciliation to dividend per share:			
Distributable income per share (cents per share)	24,32	24,95	43,30
- Interim dividend per share	24,32	24,95	24,95
- Final dividend per share	n/a	n/a	18,35

DPS is a performance measure calculated using the principles outlined by the SA REIT association Best Practice Recommendations (“the 2016 BPR”).

6. Payment of interim dividend

The board has approved and notice is hereby given of the interim gross dividend of 24,32074 cents per share for the six months ended 31 August 2019.

The dividend is payable to Newpark’s shareholders in accordance with the timetable set out below:	2019
Last date to trade <i>cum</i> dividend:	Tuesday, 29 October
Shares trade <i>ex</i> dividend:	Wednesday, 30 October
Record date:	Friday, 1 November
Payment date:	Monday, 4 November

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 October 2019 and Friday, 1 November 2019, both days inclusive.

The dividend will be transferred to dematerialised shareholders’ CSDP accounts/broker accounts on Monday, 4 November 2019. Certificated shareholders’ dividend payments will be paid to certificated shareholders’ bank accounts on or about Monday, 4 November 2019.

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

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

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

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

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

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any dividends received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (“DTA”) between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 19.45659 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder, has submitted the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

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

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

Shares in issue at the date of declaration of dividend: 100,000,001.

Newpark’s income tax reference number: 9114003149.

7. Events after the reporting period

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

8. Related parties

Professional services – Capensis Real Estate (Pty) Ltd (SP Fifield is a director)

Professional services – WellCapital (Pty) Ltd (JAI Ferreira is a director)

31 August 2019 (R'000)	28 February 2019 (R'000)
634	1 197
262	475

9. Changes to the board

Shareholders are advised that Mr. Marc Wainer has been appointed as a non-executive director to the board of directors of Newpark with effect from 8 October 2019.

Until recently, Mr. Wainer was Executive Chairman of Redefine Properties Ltd. He has over 40 years' experience in all aspects of real estate. His primary focus was on acquisitions and disposals, international investments and investor relations, as well as playing a role in conceptual development at Redefine. Mr. Wainer brings incredible depth of experience and industry knowledge to Newpark.

The board of directors welcomes Mr. Wainer and looks forward to his contribution to Newpark.

By order of the board.

Simon Fifield
Chief Executive Officer

Dries Ferreira
Financial Director

Johannesburg
9 October 2019

DIRECTORS

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

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

There were no changes to the board of directors during the period under review.

REGISTERED OFFICE
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P O Box 3178, Houghton, Gauteng, 2041

WEBSITE
www.newpark.co.za

COMPANY SECRETARY
CIS Company Secretaries Proprietary Limited

TRANSFER SECRETARY
Computershare Investor Services Proprietary Limited

DESIGNATED ADVISOR
Java Capital