PROVISIONAL SUMMARISED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 29 February 2020

SPEAR
REIT LIMITED

HIGHLIGHTS

91,66
CENTS
FY2020
DIVIDEND PER SHARE

6.06%
FY2020
DIVIDEND GROWTH

97.1%
OCCUPANCY RATE

R4.18
BILLION
ASSET VALUE

39.63%
LOAN TO VALUE
("LTV")

1.95%
POSITIVE
RENTAL REVERSION

NATURE OF THE BUSINESS

Spear REIT Limited ("Spear" or "the group" or "the company") listed as a Real Estate Investment Trust ("REIT") on the main board of the Johannesburg Stock Exchange ("JSE") and is the only regionally-focused REIT which only invests in high-quality income generating assets in the Western Cape.

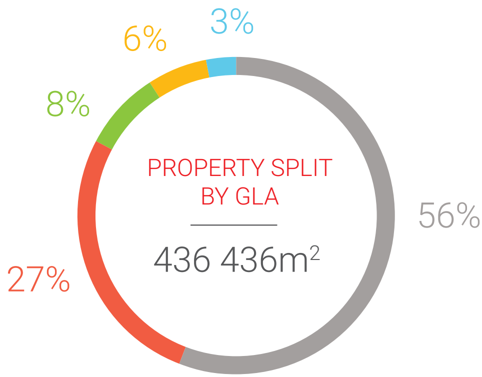
Spear obtains its diversification through asset type rather than geographical investment.

The company conducts its business directly and through a number of subsidiaries, collectively referred to as the "group".

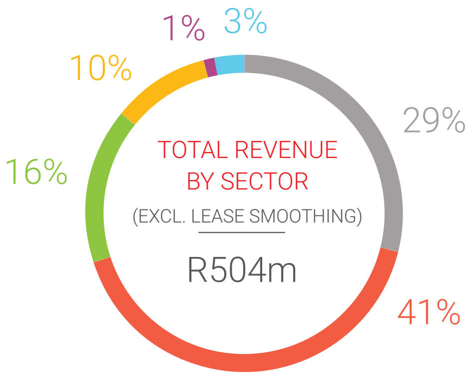
The group's property and asset management functions are internally and directly managed by the Spear executive management team.

SPEAR REIT LIMITED
Incorporated in the Republic of South Africa
Registration number 2015/407237/06
JSE share code: SEA
ISIN: ZAE000228995
LEI: 378900F76170CCB33C50
(Approved as a REIT by the JSE)
("Spear" or "the group" or "the company")

SECTORAL SPLIT BY GLA, REVENUE AND VALUE

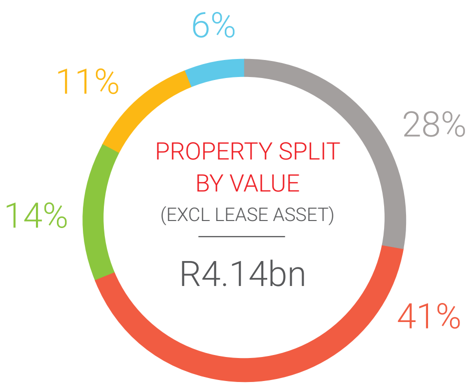


- Industrial 243 159m²
- Commercial 119 009m²
- Retail 35 435m²
- Hospitality 27 606m²
- Development 11 227m²



- Industrial R148m
- Commercial R207m
- Retail R81m
- Hospitality R50m*
- Development R17m
- Residential R1m

**R37.8 million (7.5% of total revenue) of the Hospitality revenue relates to hotel operations and is variable and the remainder is from Commercial, Retail and Trading asset income.*



- Industrial R1.16bn
- Commercial R1.71bn
- Retail R600m
- Hospitality R437m
- Development R233m

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Group	
		Reviewed Year ended 29 February 2020 R'000	Audited Year ended 28 February 2019 R'000
ASSETS			
Non-current assets			
Investment property (including straight-line accrual)		**4 183 995**	3 737 352
Property, plant and equipment		**2 844**	3 352
Financial assets		**60 033**	60 943
Deferred taxation		**6 942**	6 780
		4 253 814	3 808 427
Current assets			
Investment properties held for sale		**–**	74 000
Financial assets		**10 122**	9 863
Loans to related parties		**110**	109
Trade and other receivables		**13 626**	10 527
Cash and cash equivalents		**24 181**	13 792
		48 039	108 291
TOTAL ASSETS		**4 301 853**	3 916 718
EQUITY AND LIABILITIES			
Shareholders' interest			
Share capital		**1 910 787**	1 794 067
Share-based payment reserve		**14 121**	10 850
Accumulated income		**522 295**	490 615
Total attributable to owners		**2 447 203**	2 295 532
Non-controlling interest		**73 197**	54 155
		2 520 400	2 349 687
Liabilities			
Non-current liabilities			
Financial liabilities		**1 545 445**	1 335 853
		1 545 445	1 335 853
Current liabilities			
Financial liabilities		**165 977**	186 463
Trade and other payables		**70 031**	44 715
		236 008	231 178
TOTAL LIABILITIES		**1 781 453**	1 567 031
TOTAL EQUITY AND LIABILITIES		**4 301 853**	3 916 718
Number of ordinary shares in issue		**205 776 521**	188 888 709
Treasury shares		**(5 342 595)**	(24 550)
Net ordinary shares in issue		**200 433 926**	188 864 159
Gearing ratio	(%)	**39.63**	38.82
Net asset value per share*	(Rands)	**12.21**	12.15
Tangible net asset value per share	(Rands)	**12.17**	12.12

** This calculation is compliant with and disclosed in terms of IFRS. Please refer to Appendix 1 on page 8 for SA REIT calculations and metrics.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Group	
		Reviewed Year ended 29 February 2020 R'000	Audited Year ended 28 February 2019 R'000
– Contractual rental income		**381 836**	319 509
– Tenant recoveries		**114 462**	98 801
– Straight-line rental income accrual		**23 412**	7 812
Property revenue		**519 710**	426 122
Other income		**7 496**	8 607
Total revenue		**527 206**	434 729
Property operating and management expenses		**(156 889)**	(139 200)
Net property-related income		**370 317**	295 529
Administrative expenses		**(28 883)**	(22 668)
Net property operating profit		**341 434**	272 861
Fair value adjustment – Investment properties		**9 326**	111 702
Impairment of investments		**(750)**	–
Depreciation and amortisation		**(7 297)**	(2 943)
Listing cost		**(289)**	(262)
Share-based payment expense		**(6 938)**	(6 456)
Profit from operations		**335 486**	374 903
Net interest		**(122 969)**	(100 111)
– Finance costs		**(133 181)**	(109 202)
– Finance income		**10 212**	9 091
Profit before taxation		**212 517**	274 792
Taxation		**74**	(244)
Profit for the period		**212 590**	274 547
Other comprehensive income		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**212 590**	274 547
Attributable to:			
Equity owners of the parent		**207 305**	270 389
Non-controlling interest		**5 285**	4 158
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**212 590**	274 547
Basic earnings per share	(cents)	**103.37**	149.86
Diluted earnings per share	(cents)	**103.37**	149.86
Distribution per share	**(cents)**	**91.66**	86.42
Interest cover ratio	(times)	**2.59**	2.65

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Reviewed Year ended 29 February 2020 R'000	Audited Year ended 28 February 2019 R'000
Cash generated from operations		
Profit before tax	**212 517**	274 792
Adjustments for:		
Straight-line revenue accrual	**(23 412)**	(7 812)
Fair value adjustments – Investment property	**(9 326)**	(111 702)
Impairment of investments	**750**	–
Depreciation and amortisation	**7 297**	2 943
Finance income	**(10 212)**	(9 091)
Finance cost	**133 181**	109 202
Rental loss credits	**–**	(644)
Share-based payment reserve	**6 938**	6 456
Reclassification of trade receivables	**–**	(3 397)
Taxation accrual	**(9)**	–
Changes in working capital		
Trade and other receivables	**(3 099)**	2 605
Trade and other payables	**25 316**	3 875
Cash generated from operating activities	**339 940**	267 227
Finance income	**4 572**	4 825
Finance cost	**(134 139)**	(108 261)
Distribution paid	**(175 628)**	(145 292)
Taxation received/(paid)	**83**	(244)
Net cash generated from operating activities	**34 828**	18 255
Cash flows from investing activities		
Acquisition of investment property	**(255 775)**	(651 815)
Cost incurred on developments	**(81 225)**	(99 913)
Cost capitalised to investment property	**(48 544)**	–
Proceeds on sale of investment property	**70 986**	332 867
Acquisition of property, plant and equipment	**(109)**	(1 984)
Acquisition of subsidiary	**(13 145)**	(60 420)
Proceeds from insurance receivable	**–**	178
Net cash used in investing activities	**(327 814)**	(481 086)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Group	
	Reviewed Year ended 29 February 2020 R'000	Audited Year ended 28 February 2019 R'000
Cash flow from financing activities		
Proceeds from share issue	**162 550**	150 442
Proceeds from financial liabilities	**190 064**	390 211
Repayment of financial liabilities	**–**	(74 806)
Loan advanced to minority shareholder	**–**	(72)
Repayment of related party loan	**–**	(8 520)
Loan advanced to tenant	**–**	(5 869)
Proceeds from tenant loan	**1 006**	915
Loan advanced to related party	**(1)**	–
Purchase of treasury shares	**(52 414)**	(4 859)
Proceeds from sale of treasury shares	**2 170**	18 961
Net cash generated from financing activities	**303 374**	466 403
Total cash movement for the period	**10 389**	3 572
Cash at the beginning of the period	**13 792**	10 220
Cash at the end of the period	**24 181**	13 792

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Group					
	Share capital R'000	Accumulated profit R'000	Equity reserve R'000	Total attributable to parent R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 March 2018	**1 547 407**	**365 517**	**4 394**	**1 917 318**	**54 155**	**1 971 474**
Investment in subsidiary	52 500	–	–	52 500	–	52 500
Profit for the period	–	270 389	–	270 389	4 158	274 547
Distribution to minority shareholder	–	–	–	–	(4 158)	(4 158)
Issue of shares	180 055	–	–	180 055	–	180 055
Disposal of treasury shares	14 102	–	–	14 102	–	14 102
Distributions to shareholders	–	(145 292)	–	(145 292)	–	(145 292)
Share-based payment expense	–	–	6 456	6 456	–	6 456
Balance as at 28 February 2019	**1 794 064**	**490 614**	**10 850**	**2 295 528**	**54 155**	**2 349 683**
Changes in equity:						
Investment in subsidiary	**–**	**–**	**–**	**–**	**19 041**	**19 041**
Profit for the period	**–**	**207 305**	**–**	**207 305**	**5 285**	**212 590**
Distribution to minority shareholder	**–**	**–**	**–**	**–**	**(5 285)**	**(5 285)**
Issue of shares	**162 547**	**–**	**–**	**162 547**	**–**	**162 547**
Disposal of subsidiary	**750**	**–**	**–**	**750**	**–**	**750**
Acquisition of treasury shares	**(52 414)**	**–**	**–**	**(52 414)**	**–**	**(52 414)**
Disposal of treasury shares	**2 174**	**–**	**–**	**2 174**	**–**	**2 174**
Distributions to shareholders	**–**	**(175 628)**	**–**	**(175 628)**	**–**	**(175 628)**
Share-based payment expense	**–**	**–**	**6 938**	**6 938**	**–**	**6 938**
Vesting executive share plan	**3 667**	**–**	**(3 667)**	**–**	**–**	**–**
Balance as at 29 February 2020	**1 910 788**	**522 291**	**14 120**	**2 447 200**	**73 197**	**2 520 396**

OPERATING SEGMENT INFORMATION
FOR THE YEAR ENDED 29 FEBRUARY 2020

	Industrial R'000	Commercial R'000	Retail R'000	Hospitality R'000
Segment revenue	148 131	207 114	80 455	50 286
Profit from operations	110 422	178 382	91 923	(44 250)
Fair value adjustments	13 223	38 589	39 949	(78 671)
Net property operating profit	97 730	142 763	53 546	35 533
Finance income	815	120	1 000	901
Finance costs	(30 283)	(51 980)	(13 903)	(8 587)
Investment property	1 157 009	1 714 773	600 368	436 799
Total assets	1 190 708	1 544 916	681 147	478 039
Total liabilities	(399 533)	(682 423)	(172 475)	(106 934)

	Residential R'000	Non-property R'000	Development R'000	Straight-lining of leases R'000	Total R'000
Segment revenue	812	(126)	17 123	23 412	527 207
Profit from operations	(5)	(36 494)	12 096	23 412	335 486
Fair value adjustments	–	(3 764)	–	–	9 326
Net property operating profit	(5)	(24 136)	12 591	23 412	341 434
Finance income	5	7 329	42	–	10 212
Finance costs	–	(28 428)	–	–	(133 181)
Investment property	–	–	232 755	42 290	4 183 994
Total assets	–	133 669	231 087	42 290	4 301 856
Total liabilities	–	(333 553)	(86 531)	–	(1 781 449)

APPENDIX 1

SA REIT Best Practice Recommendations calculation disclosure

The principles encompassed in the calculations below are aligned with the Best Practice Recommendations ("BPR") by the SA REIT Association published in 2019 and do not comply with IFRS. The BPR is only effective for financial year-ends commencing on or after 1 January 2020. Spear's executive committee has elected to early adopt the BPR. The SA REIT disclosure is the responsibility of the directors of Spear.

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

		2020 R'000
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent		**207 305**
Adjusted for:		
Accounting/specific adjustments:		**(31 979)**
Fair value adjustments to investment property		**(9 326)**
Asset impairments (excluding goodwill) and reversals of impairment		**750**
Deferred tax movement recognised in profit or loss		**9**
Straight-lining operating lease adjustment		**(23 412)**
Other adjustments:		**3 867**
Antecedent earnings adjustment*		**3 867**
SA REIT FFO		**179 192**
** In the determination of distributable earnings, the group elects to make an adjustment for the antecedent distribution arising as a result of the capital raise on 21 June 2019.*		
SA REIT FFO		**179 192**
Company-specific adjustments		**6 905**
IFRS 2 Expense – CSP awards with future vesting and issue date		**6 938**
Profit not distributed		**(33)**
Company FFO		**186 098**
Interim company FFO		**91 858**
Number of shares outstanding at end of interim period*		**205 776 521**
Interim company FFO per share	**(cents)**	**44.64**
** At interim period the company distributed based on the total number of shares in issue as the new SA REIT BPR of 2019 was yet to be approved and released and the board approved the distribution based on total number of shares in issue, which is in line with prior distribution periods. Subsequently the BPR was adopted and the final distribution for the six months ended 29 February 2020 will be based on the total number of shares in issue net of treasury shares.*		
Final company FFO		**94 240**
Number of shares outstanding at end of period (net of treasury shares)		**200 433 926**
Final company FFO per share	**(cents)**	**47.02**
Total company FFO per share		**91.66**

DIVIDEND DECLARED AND DIVIDEND PER SHARE

Total distributions for the period – 2020	**Cents per share**	**R'000**
Interim distribution declared on 17 October 2019 (Distribution number 6)	**44.64**	**91 858**
Final distribution declared on 14 May 2020 (Distribution number 7)	**47.02**	**94 239**
Total distributions for the period ended 29 February 2020	**91.66**	**186 098**
Total distributions for the period – 2019		
Interim distribution declared on 18 October 2018 (Distribution number 4)	41.73	77 276
Final distribution declared on 15 May 2019 (Distribution number 5)	44.69	84 389
Total distributions for the period ended 28 February 2019	**86.42**	**161 665**

SA REIT NET ASSET VALUE (SA REIT NAV)

		2020 R'000	2019 R'000
Reported NAV attributable to the parent		**2 447 203**	2 295 532
Adjustments:			
Dividend to be declared		**(94 239)**	(84 416)
Deferred tax		**(6 942)**	(6 780)
SA REIT NAV	**A**	**2 346 022**	2 204 336
Shares outstanding			
Number of shares in issue at period end (net of treasury shares)		**200 433 926**	188 864 159
Dilutive number of shares in issue	**B**	**200 433 926**	188 864 159
SA REIT NAV per share (Rands)	**A/B**	**11.70**	11.67

SA REIT COST-TO-INCOME RATIO

		2020 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)		**156 890**
Administrative expenses per IFRS income statement		**28 883**
Other expenses directly related to property operations:		
Depreciation		**7 297**
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature		**126**
Operating costs	**A**	**193 196**
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)		**389 332**
Utility and operating recoveries per IFRS income statement		**114 462**
Gross rental income	**B**	**503 794**
SA REIT cost-to-income ratio (%)	**(A/B)**	**38.35**

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

		2020 R'000
Expenses		
Administrative expenses as per IFRS income statement		**28 883**
Other identified administrative expenses:		**(126)**
Depreciation		**(126)**
Administrative costs	**A**	**28 757**
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)		**389 332**
Utility and operating recoveries per IFRS income statement		**114 462**
Gross rental income	**B**	**503 794**
SA REIT administrative cost-to-income ratio (%)	**(A/B)**	**5.71**

SA REIT GROSS LETTABLE AREA (GLA) VACANCY RATE

		2020 R'000
Gross lettable area of vacant space	A	**12 570**
Gross lettable area of total property portfolio	B	**436 436**
SA REIT GLA vacancy rate (%)	**(A/B)**	**2.88**

COST OF DEBT

		2020 %
Variable interest-rate borrowings		
Prime – Floating reference rate less weighted average margin		**8.46**
3-month Jibar – Floating reference rate plus weighted average margin		**8.12**
Fixed interest-rate borrowings		
Weighted average fixed rate		**8.99**
Pre-adjusted weighted average cost of debt	**A**	**8.75**
Adjustments:		
Impact of interest rate derivatives	B	**–**
Impact of cross-currency interest rate swaps	C	**–**
Amortised transaction costs imputed into the effective interest rate	D	**–**
All-in weighted average cost of debt		**8.75**

SA REIT LOAN-TO-VALUE (SA REIT LTV)

		2020 R'000	2019 R'000
Gross debt		**1 711 422**	1 522 316
Less:			
Cash and cash equivalents		**(24 181)**	(13 792)
Net debt	**A**	**1 687 241**	1 508 524
Total assets – per Statement of Financial Position		**4 301 853**	3 916 718
Less:			
Cash and cash equivalents		**(24 181)**	(13 792)
Deferred taxation		**(6 942)**	(6 780)
Trade and other receivables		**(13 626)**	(10 527)
Carrying amount of property-related assets	**B**	**4 257 104**	3 885 619
SA REIT LTV (%)	**A/B**	**39.63**	38.82

SELECTED EXPLANATORY NOTES TO THE RESULTS

EARNINGS PER SHARE

This note provides the obligatory information in terms of IAS 33 Earnings Per Share and SAICA Circular 1/2019 for the Group and should be read in conjunction with the SA BPR disclosure, where earnings are reconciled to company funds from operations ("CFFO"). CFFO determines the distribution declared to shareholders, which is a meaningful metric for a stakeholder in a REIT.

BASIC EARNINGS PER SHARE

		Group	
		Reviewed Year ended 29 February 2020	Audited Year ended 28 February 2019
Shares in issue			
Number of shares in issue at the end of the year net of treasury shares	(Number of shares)	**200 433 926**	188 864 159
Weighted average number of shares in issue	(Number of shares)	**200 554 965**	180 427 720
Diluted weighted average number of shares in issue	(Number of shares)	**200 554 965**	180 427 720
Basic earnings per share			
Earnings (profit attributable to owners of the parent)	(R'000)	**207 305**	270 389
Basic earnings per share	(cents)	**103.37**	149.86
Diluted earnings per share	(cents)	**103.37**	149.86

HEADLINE EARNINGS PER SHARE

		Group	
		Reviewed Year ended 29 February 2020 R'000	Audited Year ended 28 February 2019 R'000
Reconciliation between basic and headline earnings			
Earnings (profit attributable to owners of the parent)		**207 305**	270 389
Adjusted for:			
Fair value adjustments to investment properties: Gross		**(9 326)**	(111 702)
Impairment of investments: Gross		**750**	–
Headline earnings		**198 729**	158 687
Headline earnings per share:			
Headline earnings per share	(cents)	**99.09**	87.95
Diluted headline earnings per share	(cents)	**99.09**	87.95

SELECTED EXPLANATORY NOTES TO THE RESULTS (CONTINUED)

INTRODUCTION

Spear REIT Limited (JSE share code: SEA) is the only regionally specialised Real Estate Investment Trust listed on the Johannesburg Stock Exchange ("JSE").

As a regional specialist Spear obtains its diversification through asset type investing into high-quality income-generating commercial, retail, industrial, mixed-use and hospitality assets that present a value proposition for the fund.

Spear invests only within the borders of the greater Western Cape with a distinct focus on the Cape Town region.

Spear's mission statement is to be the leading Western Cape-focused REIT and to consistently grow its distribution per share ahead of inflation and within the top quartile of its peer group. Management takes pride in being positioned close to all of its assets and in having an acute understanding of the Western Cape real estate environment.

The latter reinforces Spear as a true regional specialist with access to a high-quality investment and development pipeline to further enhance its high-quality portfolio.

During the reporting period both the regional economy of the Western Cape along with the national economy of South Africa have continued to face headwinds ranging from prolonged periods of low economic growth, reduced consumer and corporate spending and low levels of general economic investment impacting all sectors of the South African business landscape. Management remains resolved to maintain its focus on business continuity through its early engagement and tenant-centric approach, which by and large will contribute towards sustainable revenues and continue to generate the results that have been generated during the financial period.

Management remains focused on growing Spear's cash flows and distributions to its shareholders on an annual basis through the acquisition of yield-enhancing, high-quality and well positioned real estate assets.

The impact of the Covid-19 pandemic on Spear has been disclosed in the subsequent events explanatory note.

FINANCIAL RESULTS

The board of directors is pleased to announce a final distribution of 47.01759 cents per share for the six months ended 29 February 2020.

Total distribution for the year ended 29 February 2020 is 91.66 cents per share, which represents an increase of 6.06% from the prior year.

Spear's results are in line with the forecast as disclosed during the results presentation on 15 May 2019 and a testament to Spear's focus, active asset and property management along with prudent financial management of the going concern under tough trading conditions.

On a like-for-like basis income growth was 5.41% and net property income growth was 4.55%.

Northgate Park was excluded from the like-for-like income growth as the property was only owned for three days in FY2019 compared to a 12-month period in FY2020.

At year-end Spear's tangible net asset value ("TNAV") per share increased by 0.41% from R12.12 at the FY2019 year-end to R12.17 as at 29 February 2020. The SA REIT net asset value ("NAV") per Appendix 1 is R11.70 per share, increasing by 0.26% from 11.67 as at 28 February 2019.

The financial results achieved are attributable to the high-quality nature of Spear's assets, strong contractual income, improved tenant recoveries together with savings on finance costs through prudent refinancing.

Despite ongoing headwinds in the local economy and a far slower than anticipated recovery of the hospitality sector in FY2020, distribution targets were achieved.

Positive rental reversion on lease renewals and re-lets of 1.95% has been a key contributor to the financial performance of the company.

Vacancy rates across the portfolio were at 2.88% at year-end, increasing from 1.98% in FY2019.

During the financial year Spear acquired four properties to the value of R256 million at a blended initial yield of 9.66%. Management disposed of one property at a yield of 10.31%. The disposal was concluded primarily to mitigate Spear's risk of financial loss due to a significant increase in the risk profile of the tenant and to divest out of its only Gauteng asset.

Group gearing increased to 39.63% (FY2019: 38.82%) during the financial year as a result of cash reserves being utilised for acquisitions and redevelopment.

There are no immediate debt refinancing concerns within the business. A detailed debt expiry schedule is provided within this report.

PROPERTY PORTFOLIO

Spear's current property portfolio consists of 32 high-quality assets with an average value of R130 million per property, being a 2.12% increase from R127 million per property as at 28 February 2019. Total gross lettable area ("GLA") at year-end was 436 436m^2 which was valued at R4.18 billion.

The portfolio's income stream is underpinned by contractual escalations of 7.63%, a weighted average lease expiry ("WALE") of 29 months (FY2019: 30 months) together with a high percentage of A-grade tenants (listed and large nationals) comprising 59% of portfolio GLA. One of the hallmarks of Spear's portfolio has been the maintenance of a high occupancy rate with vacancies well below the national averages recorded by the Investment Property Databank ("IPD") and the South African Property Owners Association ("SAPOA") with an overall vacancy of 2.88% at the end of the financial year (FY2019: 1.98% portfolio vacancies).

TOP 10 PROPERTIES BY VALUE

	Property	Value including lease asset R'000	Sector	Gross lettable area m^2	Vacancy m^2	% of total value	Valuation R/m^2
1.	Sable Square Shopping Centre, Milnerton	452 513	Retail	31 100	756	10.82	14 550
2.	Mega Park, Bellville	447 258	Industrial	86 195	2 558	10.69	5 189
3.	2 Long Street, Cape Town	436 149	Commercial	25 115	1 473	10.42	17 366
4.	Northgate Park, Paarden Island	355 000	Commercial	17 002	723	8.48	20 880
5.	15 on Orange, Cape Town	277 000	Hospitality	16 179	80	6.62	17 121
6.	1 Waterhouse Place, Century City	193 342	Development	11 227	–	4.62	17 221
7.	UES DoubleTree by Hilton, Woodstock	171 000	Hospitality	11 427	–	4.09	14 965
8.	UES Commercial, Retail and Residential, Woodstock	159 366	Commercial	10 642	1 068	3.81	14 975
9.	MWEB Head Office, Bellville	157 543	Commercial	11 195	1 333	3.77	14 073
10.	Blackheath Park, Blackheath	135 533	Industrial	37 334	786	3.24	3 630
	Top 10 total	**2 784 704**		**257 416**	**8 778**	**67.38**	**10 818**
	Group total including land	4 183 895		436 436	12 570	100	9 587

SECTORAL SPLIT

	Number of proper-ties	Value excluding lease asset R'000	Value %	Revenue excluding smoothing R'000	Revenue %	Gross lettable area m^2	Gross lettable area %	Vacant area m^2	Gross lettable area based %
Industrial	10	1 157 009	28	148 131	29	243 159	56	5 019	1.15
Commercial	15	1 714 773	41	207 114	41	119 009	27	5 817	1.33
Retail	4	600 368	14	80 455	16	35 435	8	1 654	0.38
Hospitality*	2	436 799	11	50 286	10	27 606	6	80	0.02
Residential	–	–	–	812	1	–	–	–	–
Development	1	232 755	6	17 123	3	11 227	3	–	–
Total	**32**	**4 141 704**	**100**	**503 920**	**100**	**436 436**	**100**	**12 570**	**2.88**

** R37.8 million (7.5% of total revenue) of the Hospitality revenue relates to hotel operations and is variable. The remainder is from commercial, retail and trading asset income.*

SECTORAL PERFORMANCE

INDUSTRIAL

Performance for the year has remained consistent with ongoing demand for the well-located industrial rental opportunities within the Spear portfolio. Smaller industrial tenants, however, have experienced revenue headwinds due to constrained economic growth, fewer public works projects, the failure of the construction sector and limited new business opportunities. We have seen the majority of the industrial sector stress within the 100m^2 – 800m^2 user segment.

The industrial portfolio offers a diversified industrial offering situated in well-established industrial nodes consisting of mini, mid-size and large modern logistics units. The industrial portfolio has continued to operate with high occupancy rates and in line with expectations during the reporting period. We renewed/ let 74 618m^2 with no major tenant movements or lease expirations.

The industrial portfolio (243 159m^2) occupancy was at 98.8% at year-end.

COMMERCIAL

The commercial sector has exceeded our expectations for the reporting period as demand for Spear's commercial real estate yielded very good results over the year. We reduced overall vacancies thanks to our tenant-centric approach, an aggressive letting strategy and regional expertise. Commercial vacancies at year-end were at 1.33%, translating to 5 817m^2 of unlet GLA. Office sector lease renewals continue to be concluded with positive rental reversions achieved in the vast majority of renewals concluded during the reporting period.

The deterioration of the national economy in a zero-growth environment may not bode well for commercial office space in the months and years ahead, but we are committed to maintaining our high tenant retention track record as companies look to downsize, right-size or grow within the Western Cape.

The commercial portfolio (119 009m^2) occupancy was at 98.6% at year-end.

RETAIL

As the retail sector experiences its first dramatic slowdown in 25 years, Spear's retail assets have proven resilient, in both bull and bear markets. Spear's retail portfolio consists of two convenience centres anchored by national grocers and numerous stores that cater more directly to the needs, rather than the wants, of shoppers. A number of our retail tenants have proactively adopted an omnichannel approach to ensure they capture both the online and bricks-and-mortar market segments. Spear's retail assets are located in high-growth nodes servicing the Century City and Northern Suburbs markets. During the reporting period 43% (15 379m^2) of retail GLA (35 435m^2) was occupied by national retail tenants. As economic conditions continue to deteriorate, the gap between rental increases and tenant turnover widens, making lease renewal negotiations substantially more difficult. Spear's retail assets have delivered positive performance in a tough environment where shopping budgets are severely restricted. Footfall across our retail assets remains strong with relative growth being reported year-on-year.

Spear's retail assets will remain attractive locations for retailers to trade from given their high-quality tenant mix geared towards a convenience retail offering, ample shopper parking, ease of access and egress along with plum geographic locations offering easy access to all significant arterial transportation routes.

The retail portfolio (35 435m²) occupancy was at 99.6% at year-end.

HOSPITALITY

The hospitality industry is still reeling from low demand and a tendency for global agencies to steer business elsewhere. South Africa's shortage of power generation and its reputation as a crime hotspot have seriously harmed the country's image. The traditional feeder market in the UK has also been reluctant to travel due to uncertainties around Brexit, elections and a possible downturn in their economy.

On the positive side, Cape Town has shown strong resilience against these factors. It is still rated as one of the top destinations in the world in terms of value, attractions, scenery, and hotel and restaurant amenities. The cruise line business has seen a massive revival with the port of Cape Town frequented by a number of new ocean liners. New direct international flights have been granted landing rights in Cape Town, making the city directly accessible from all corners of the world. New emerging markets have shown renewed interest in Cape Town and more direct flights will be introduced in the next year.

Group travel lead time on bookings seems to be confirmed further out, helping to push demand and rate. The cycle has certainly bottomed out and the repair and confidence in the market, particularly in rate, was more apparent in the last quarter of the year.

Of course, we must voice our concern about the post year-end Covid-19 impact on hospitality revenue, occupancies and general operations. Management will look to find opportunities for its hospitality operations to mitigate the risks as best as possible.

The hospitality portfolio (27 606m²) occupancy was at 99.9% at year-end.

TENANT GRADING

	Gross lettable area m²	**Gross lettable area %**	**Number of tenants**	**Number of tenants %**
A – Large nationals, large listed and government tenants	259 655	60	115	25
B – Smaller international and national tenants	110 951	25	263	58
C – Other local tenants and sole proprietors	53 260	12	76	17
Vacant	12 570	3	–	–
	436 436	**100**	**454**	**100**

LETTING ACTIVITY

Spear began the financial year with an opening vacancy of 7 992m².

Management has successfully renewed/re-let 121 018m² at a positive reversion of 1.95%.

The table below reflects the letting activity for the financial year ended 29 February 2020:

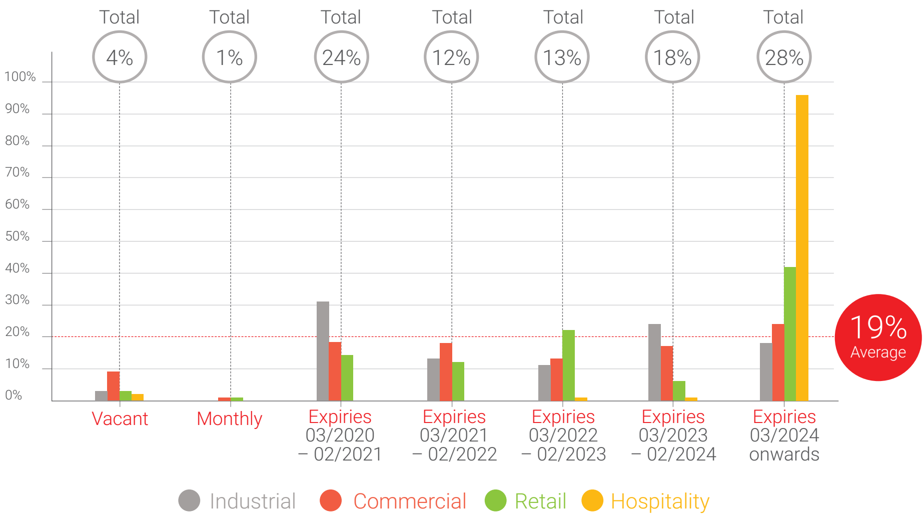
	Expiries and cancellations GLA	Gross rental at expiry	Average gross expiry rental R/m²	Renewals/ new lets GLA	Gross rental at renewals/ new lets	Average gross new rental R/m²	Average rental reversion %
Commercial	40 561	5 431 190	134	42 166	6 173 576	146	9.34
Industrial	69 384	3 142 813	45	74 618	3 280 636	44	(2.94)
Retail	3 606	411 368	114	4 234	459 892	109	(4.78)
	113 551	**8 985 371**	**98**	**121 018**	**9 914 104**	**100**	**1.95**

Spear's lease expiry profile remains defensive with a WALE of 29 months.

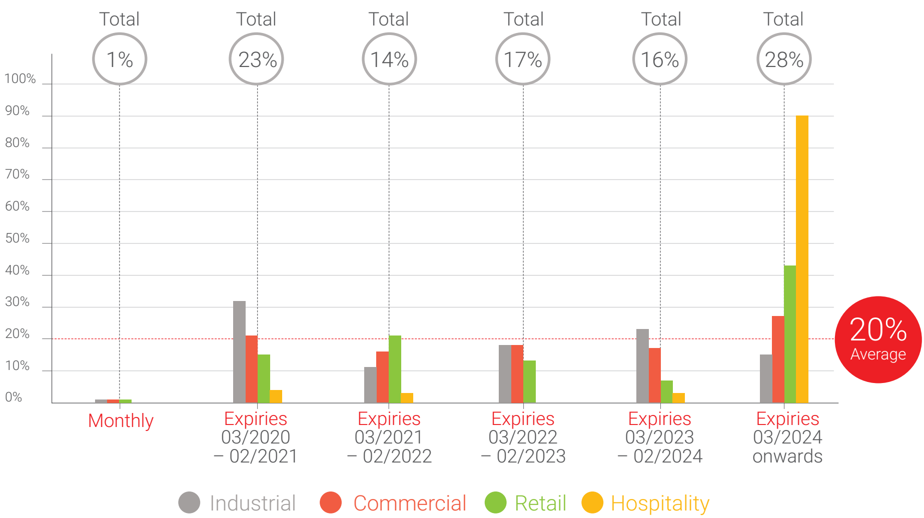
Spear's asset and property management team has a hands-on approach to tenant retention and action tenant engagements well in advance of expiry to ensure business continuity and risk management for the business.

LEASE EXPIRY PROFILE

LEASE EXPIRY PROFILE BASED ON GLA



LEASE EXPIRY PROFILE BASED ON REVENUE



WEIGHTED AVERAGE IN-FORCE ESCALATIONS AND YIELDS

	In-force escalation %	Yield %
Industrial	7.96	9.0
Commercial	7.60	8.1
Retail	7.32	8.4
Hospitality	Note 1	7.7
Group average	**7.63**	**8.2**

Note 1:

- *DoubleTree by Hilton is operated by a third-party operator and the lease is based on a fixed (60% of budgeted EBITDA) and variable (95% of actual EBITDA less fixed rental) rate, which is agreed annually.*
- *15 on Orange Hotel is operated by a third-party operator and the rental is based on a blended rate of 18% on all revenue generated by the hotel.*

ACQUISITIONS AND DISPOSALS

The group acquired the following properties during the financial year ended 29 February 2020:

	Transfer date	Acquisition value R'000	Debt funding R'000	Cash funding R'000	Acquisition yield %
26 Marine Drive	2019/03/05	34 000	15 300	18 700	9.82
Radnor Road	2019/06/04	111 700	51 000	60 700	9.10
5 Fitzmaurice Avenue	2019/11/21	67 900	–	67 900	9.81
UES – Commercial sections	Various	42 300	–	42 300	9.89
		255 900	**66 300**	**189 600**	**9.66**

The group disposed of the following property during the financial year ended 29 February 2020:

	Transfer date	Disposal value R'000	Cash payment value R'000	Disposal yield %
Pembury Lodge, Melrose	2019/04/01	74 000	74 000	10.31
		74 000	**74 000**	**10.31**

CAPITAL EXPENDITURE AND REDEVELOPMENT

NO.1 WATERHOUSE, CENTURY CITY

The full refurbishment of this property within the sought-after mixed-use node of Century City is approaching full completion by June 2020. The building comprises 11 227m^2 of AAA-grade office space (post refurbishment), a parking bay ratio of four bays per 100m^2, state-of-the-art mechanical and electrical installations together with a grey water system, solar rooftop solution and highly efficient floorplates. The building comprises four floors of offices, a shared deli/coffee shop, braai and shower facilities and many more amenities that has made No.1 Waterhouse one of the most attractive commercial addresses within the greater Century City. A sum of R90 million has been allocated for the refurbishment of the property with an anticipated fully stabilised yield of 9.3% upon completion.

CAPITAL ALLOCATION AND STRATEGIC FOCUS

Management acknowledges the vital role capital allocation plays in the formation of a high-quality real estate portfolio and will continue to use its capital to invest in high-quality assets with the Western Cape.

Management's approach to capital allocation will be extremely hawkish going forward as the effects of Covid-19 settle into the overall market. Management will deploy capital into yield-enhancing assets that meet very strict investment criteria at a far slower rate going forward than it has historically. Management will preserve its available capital until timing is optimal for deployment. Strategic acquisitions or re/developments with a primary focus on convenience retail, logistics-focused industrial and mixed-use assets has been the operating mandate given to Chief Investment Officer, Kim Pfaff-Karg, to present to the Spear Investment Committee for consideration.

Management will in addition to capital allocation continuously evaluate the disposal of portfolio assets where management believes maximum shareholder value can be achieved or where management believes the assets have reached the end of their life cycle within the portfolio. Disposal proceeds will be redeployed into debt reduction for the larger part of FY2021.

Management has maintained their proven track record of prudent recycling of capital into higher-yielding and higher-quality assets to unlock ongoing shareholder value. Four non-core assets had been earmarked for disposal during the year with a cumulative disposal value of R155 million. At the time of writing one of the four assets had been sold and will transfer post year-end.

Management remains of the view that it will only seek investor funding when absolutely necessary and will only raise capital when a specific acquisition process has been initiated.

For the avoidance of any doubt, acceptable placement pricing must also be achieved when a capital raise process is initiated.

BALANCE SHEET AND RISK MANAGEMENT

Balance sheet and risk management factors that impact the day-to-day operations of Spear remain a key focus for management in the execution of its multi-pronged business continuity strategy.

Management maintains its excellent relationship with Nedbank CIB and Standard Bank Real Estate Finance as its funding partners, ensuring that Spear's balance sheet reflects a well-managed and active business positioned to take advantage of growth opportunities and deal flow when they are presented. Management is comfortable to maintain gearing levels within a range of 34% – 44% loan to value ("LTV") on group debt together with a hedging policy that will see 65% – 75% of Spear's debt portfolio hedged out for up to 36 months to provide income certainty to its shareholders.

Spear's debt portfolio remains actively managed with an all-in cost of debt for the financial period of 8.75% and a hedged ratio of 63.33% at the end of the financial year.

The group's gearing level at year-end was 39.63%, translating to a 2.09% increase from the prior year.

Spear's most recent debt expiry profile provides no short to medium-term refinancing risk with the bulk of Spear's debt becoming due for renegotiation in FY2021-22.

COST-TO-INCOME

Net total cost-to-income for the year was 20.19%, decreasing from 21.59% as at 28 February 2019.

Total gross cost-to-income for the year was 38.35%, decreasing from 38.60% as at 28 February 2019.

The decrease is directly related to the increased recoveries and in-force escalations on contracted rentals with costs associated with the leases expensed on a straight-line basis.

Administrative cost-to-income for the period was 5.71%, decreasing from 5.92% as at 28 February 2019.

The decrease is directly related to the new property acquisition that can be managed by the current staff employed without having to increase head office overhead costs given the scalability of the current management system.

DISTRIBUTABLE EARNINGS

The board approved and declared distribution number 7 of 47.02 cents per share on 14 May 2020 for the six months ended 29 February 2020.

Total distribution for the year ended 29 February 2020 is 91.66 cents per share, which represents an increase of 6.06% from the prior year.

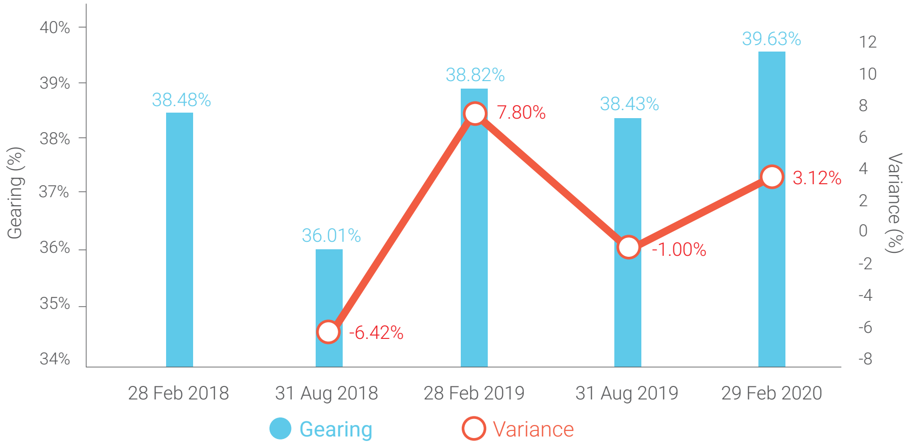
BORROWINGS AND FUNDING

The group obtained funding for property acquisition through one capital raise and increasing bank borrowings as disclosed under acquisitions.

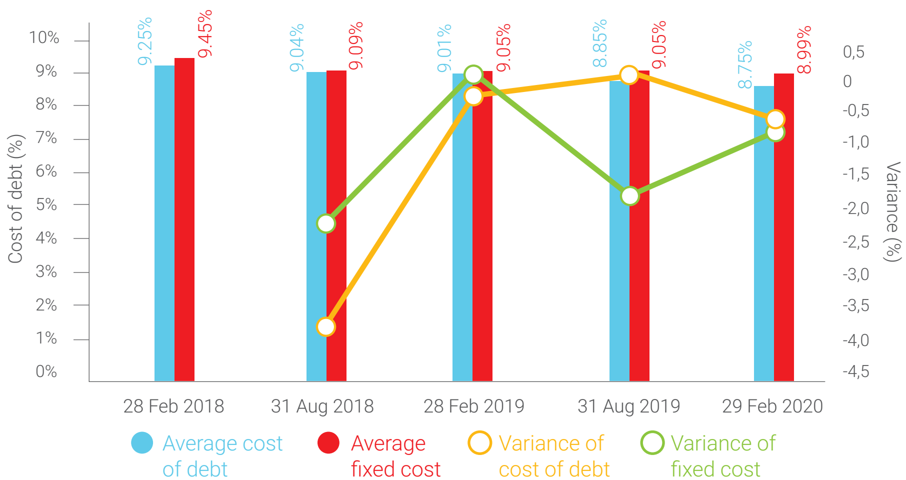
Capital raise date	Number of shares	Price Rands	Value R'm
21 June 2019	16.8 million	9.80	164.6

GROUP GEARING

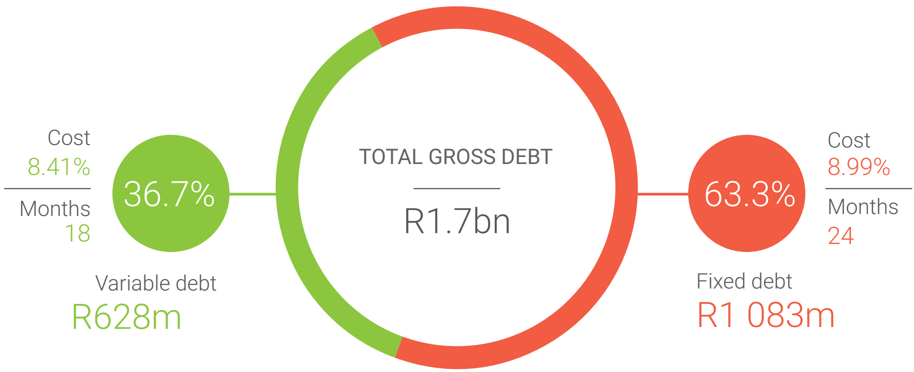
GEARING RATIO

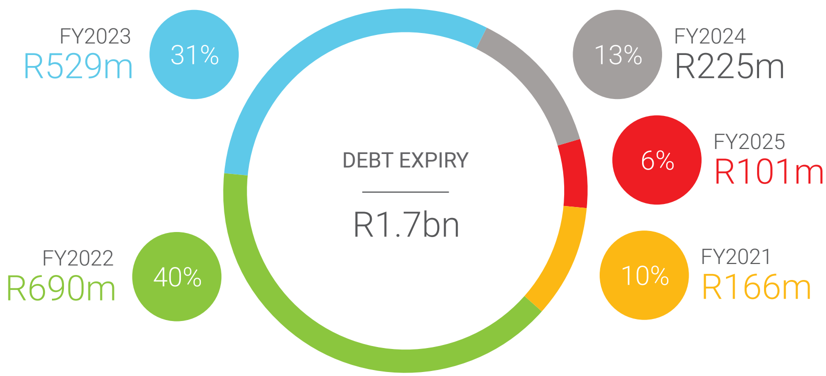


IN-FORCE COST OF DEBT FOR PERIOD

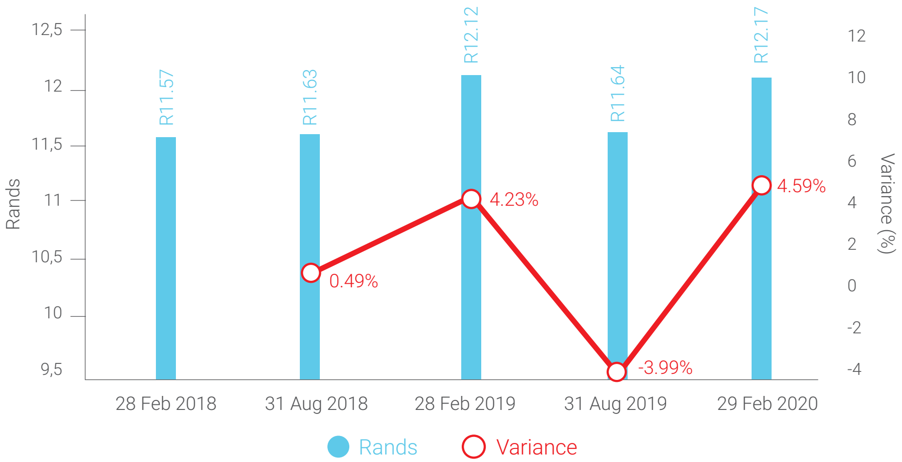


At year-end the prime- linked loans bear interest at an average rate of prime less 1.31% and the Jibar-linked loans at an average margin of Jibar plus 1.58%.


TOTAL GROSS DEBT
R1.7bn
Cost
8.41%
Months
18
36.7%
Variable debt
R628m
63.3%
Cost
8.99%
Months
24
Fixed debt
R1 083m

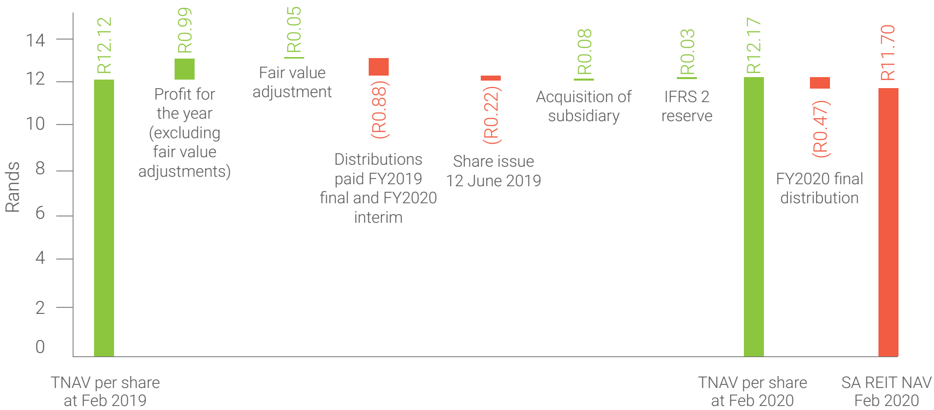

DEBT EXPIRY
R1.7bn
FY2023
R529m
31%
FY2022
R690m
40%
13%
FY2024
R225m
6%
FY2025
R101m
10%
FY2021
R166m

TANGIBLE NET ASSET VALUE



The above ratio is IFRS compliant and is required for disclosure, but please refer to Appendix 1 and the table for the SA REIT NAV calculation.

TNAV BRIDGE



RECEIVABLES

Amid increasingly tougher trading conditions, receivables represented 1.49% of total revenue excluding smoothing.

At year-end the provision for bad debt is equal to 38% of the total receivables outstanding.

Management has commended its debtor's management team for the prudent collections and low receivables. Management is cognisant of the fact that as South Africa continues to be negatively impacted by the weak macroeconomic environment the probability of a higher percentage receivables cannot be discounted, however, a concerted effort is made to guard against receivables creep.

Adequate provision is made monthly for any debtor outstanding longer than 90 days.

SUSTAINABILITY

SOLAR PV PROJECTS

Spear is well on its way to achieve its strategic objective of having 50% of the portfolio installed with solar PV solutions by the end of 2020. Installations have commenced and commissioned on a number of Spear's assets. A mix of roof leases, instalment sales and direct capital expenditure solutions have been initiated by Spear as the adopted sustainability strategy. To date a total of five out of 15 installations have been completed and currently generate 4 000 000 kWh of non-fossil fuel generated energy to our assets. Once all 15 installations have been commissioned 6 000 000 kWh will be generated from the solar PV installations across the portfolio. The savings generated on monthly electrical costs range from between 20% – 30% per month depending on the type of asset and rate per kilowatt-hour charged by the local authority.

Solar PV solutions are part and parcel of the Spear investment thesis when looking to acquire new assets in addition to unlocking additional revenue or operating savings for Spear on existing assets.

GREEN BUILDING RATINGS

No. 2 Estuaries, Sable Square and DoubleTree by Hilton Hotel, Cape Town have between a 3 – 4 Green Star EBP rating. On the date of transfer post year-end the Liberty Life Building, Century City will add a further 4 Green Star-rated building to the Spear portfolio.

Two additional buildings have been identified for accreditation.

Management is determined to find innovative ways to reduce its overall carbon footprint across the portfolio to limit the amount of carbon emissions released into the environment.

WATER CONTINUITY

Spear has invested into two boreholes, three well points and a water tanker truck that has a maximum water storage capacity of 16 000lt. Eight of Spear's assets have on-site water storage and continuity measures in place varying from grey water systems to bulk water storage solutions.

In addition to the above-mentioned, numerous saving initiatives have been implemented across the portfolio in the form of waterless urinals, tap aerators to reduce water flow and the use of pre-diluted chemicals. Tenant education on water savings has been ongoing across the portfolio.

OUTLOOK

The outlook for the year ahead is to a large degree uncertain as the visible and unknown impacts of Covid-19 on our business, economy and our citizens remain unquantified. The one thing we can say with absolute certainty is that as a business we only see one way out of the Covid-19 crisis, and that is to go through it and get to the other side operational and on form – our fighting spirit has never been stronger.

The core portfolio of Spear remains defensive in nature underpinned by strong lease covenants and high-quality tenants. The impact of Covid-19 will test the strength and staying power of most tenants that occupy rental space across asset types in South Africa. Spear will not be immune to tenant failures, insolvencies and closures in the year ahead. Management's primary focus will be to mitigate the effects of the above-mentioned on the overall business. The leasing and asset management team will as always remain close to the market and our tenants. The entire business is fully aware of the need to fill vacant space as quickly as possible with the right type of tenants in the current market.

We are confident that we are up to the task and given the high calibre of our team and the desirable locations of our diversified mix of assets, our portfolio will have a solution for most tenants in need of space in the coming months and years ahead. Management's non-bureaucratic and pragmatic approach to the business in addition to its excellent proximity to its assets further allows a speedy and hands-on response to change in market conditions and to create opportunities for additional rental generation within the portfolio.

The macroeconomic environment in South Africa together with a pending deep recession remains a serious concern. We are supportive of the measures taken by government to safeguard South Africa and its people, however, the economic impact will be devastating in and of itself. It is imperative that economic activity continues and that people infected by the virus are isolated. It is essential for the reset to keep the economic wheels turning whilst building a herd immunity to the virus. We live in hope that a vaccine is found in the short to medium term. Spear is committed to do its part in fighting the negative human and economic effects of Covid-19, within its portfolio and beyond. Our post Covid-19 strategy must include working with distressed businesses to manage their survival process, in particular the retail sector, job creation wherever possible, as well as much-needed skills development in the Western Cape. South Africa's unemployment rate will spike in the year ahead and as we implement the above-mentioned plans, we aim to reduce the burden that unemployment places on South Africa and its people.

- Management will focus on reversing the impact of Covid-19 on the portfolio and its tenants
- Management will implement the necessary health and safety measures across its business and portfolio to limit the transmission of Covid-19
- Management will continue to focus on prudent capital management
- Management remains heavily invested in Spear and aligned with shareholder interests
- Spear's management platform remains strong with both its human and real estate assets underpinning the quality of the business
- Spear will maintain its hands-on asset management and tenant-centric approach as trading conditions remain under pressure and new business opportunities remain few and far between.

PROSPECTS AND GUIDANCE

In recent weeks a combination of the rapid escalation of the Covid-19 pandemic and the Moody's and Fitch downgrades of the SA sovereign credit ratings have combined to place unprecedented challenges on the South African economy. Given the developments stated above, there has been a material change in market conditions and the economic outlook in South Africa and in Spear's case the Western Cape. It is difficult to accurately predict the progression and duration of the pandemic globally and in South Africa as well as the residual risks when the lockdown is lifted. As a result, it is not possible, at this stage, to accurately predict the economic outcomes of the pandemic and the impact these will have on the real estate sector and specifically on Spear's outlook.

Given the rapid escalation of the Covid-19 pandemic and the material changes to the economic outlook from the start of FY2021, Spear will not be issuing any FY2021 distribution guidance until closer to November 2020. It is imperative that management to the best of their abilities navigate these uncharted waters before any announcements are made in relation to its distribution guidance.

A decision by National Treasury and the South African Revenue Service is due to be made on potential short-term amendments to the Real Estate Investment Trust (REIT) legislation relating to REIT qualification criteria. The request for relaxation of the REIT legislation made by the SA REIT Association would go a long way in assisting REITs with retaining income without any unintended tax consequences and strengthening their balance sheets over a period of 24 (twenty-four) months.

This non-issuance of guidance for 2021 is in line with similar announcements made recently by many other REITs and companies listed on the JSE. We will continue to assess the impact of Covid-19 and will provide appropriate disclosures and updates when sufficient clarity and certainty exist.

SUBSEQUENT EVENTS

The directors are not aware of any events, other than those listed below, which have occurred since the end of the financial period and have a material impact on the results and disclosures in these provisional summarised consolidated financial results for the year ended 29 February 2020.

ACQUISITIONS AND DISPOSALS

The group took transfer of the following properties after period end:

	Transfer date	Acquisition value R'000	Debt funding R'000	Equity funding R'000	Yield %
Liberty Life Building, Century City	TBC	370 000	370 000	–	9.31
26 Marine Drive – Section 2	TBC	14 420	7 920	6 500	9.50
		384 420	**377 920**	**6 500**	**9.41**

The group disposed of the following property after period end:

	Disposal date	Disposal value R'000
10 Mill Street, Newlands (Care Cross)	TBC	56 500
		56 500

COVID-19

An outbreak of the coronavirus disease Covid-19, emerged during 2019 and was declared a global pandemic by the World Health Organisation in 2020.

As a consequence, the Minister of Cooperative Governance and Traditional Affairs, designated under section 3 of the Disaster Management Act, 2002 (Act No. 57 of 2002) ("the Act"), declared a National State of Disaster. The steps included, inter alia, a period of lockdown in South Africa, which will last from 26 March 2020 at 24:00 until a date to be determined by the cabinet member designated under section 3 of the Act.

Subject to certain exceptions, every person is confined to his or her place of residence, and all businesses and other entities shall cease operations from their premises during the lockdown, except for any business or entity involved in the manufacturing, supply, or provision of essential goods or services.

Due to the group's South African and more specifically Western Cape only exposure the timing of the above announcements and measures set in place by the South African national government is deemed a post balance sheet event.

Management has received numerous requests for assistance from tenants, more specifically retail tenants, and each tenant's need has been assessed and addressed on a case-by-case basis. Management has taken guidance from the SA REIT Association, Property Industry Group and other professionals in dealing with tenant requests and supports measures that have been offered and implemented. Retail assets comprise of 8% and 16% of group GLA and revenue respectively of which 50% of GLA is national retail tenants. The group's retail assets are anchored by Pick n Pay stores and bank branches, which are considered essential services and are fully operational.

The impact of cash flow, solvency and liquidity on going concern has been reviewed in detail on a daily basis post year-end. Cash flow analysis has been performed to stress test the cash flows for 12 months post year-end. This includes a range of scenarios of tenant collections and creditor requirements and management is positive that the company has sufficient cash resources available for the foreseeable future to meet all obligations as they become due. The final dividend for the year ended 29 February 2020 was declared on 14 May 2020 and paid in June 2020 with the company meeting all solvency and liquidity requirements. Management has engaged with financial institutions and support measures have been discussed and approved if required by the group. Management has adequately provided for bad debts as at 29 February 2020 and sufficient provision for bad debts has been made for the year ending 28 February 2021. The group has collected 98% and 92% of March 2020 and April 2020 rentals respectively excluding hotels as all hotels have ceased trading as per the regulations.

Based on available information, review of assumptions and tenant negotiations agreed, the post balance sheet effect of the fair value of properties will not be significantly different from the prior year. The fair values will be reviewed by the group as at 31 August 2020 using the discounted cash flow valuation methodology and due to the timing of cash flow that has been agreed, management is of the opinion that fair values will not be impacted significantly.

BASIS OF PREPARATION – REVIEWED

The provisional summarised reviewed consolidated financial statements for the year ended 29 February 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34 Interim Financial Reporting, 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 requirements of the South African Companies Act, No. 71 of 2008 (as amended) and the Listings Requirements of the JSE Limited.

The accounting policies applied by the group in preparation of these provisional summarised reviewed consolidated financial statements are in terms of IFRS and, other than the adoption of IFRS 16 Financial Instruments, are consistent with those applied by the group in its consolidated financial statements for the year ended 29 February 2019. The adoption of IFRS 16 had no material impact on prior year figures presented and consequently, no adjustments were made to opening retained earnings.

Christiaan Barnard CA (SA), in his capacity as Chief Financial Officer, was responsible for the preparation of the provisional summarised reviewed consolidated financial statements for the year ended 29 February 2020.

REVIEW OF THE INDEPENDENT AUDITOR

The provisional condensed consolidated financial statements for the year ended 29 February 2020 have been reviewed by BDO South Africa Incorporated, who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

In addition, the auditors performed a limited assurance engagement on the SA REIT Association Best Practice Recommendations disclosures set out in Annexure 1 of these results. The engagement was conducted in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. The report is available for inspection at the company's registered office.

FINAL DISTRIBUTION FOR THE YEAR ENDED 29 FEBRUARY 2020

Notice is hereby given of the declaration of final distribution number 7 of 47.01759 cents per share for the year ended 29 February 2020 from income reserves.

As Spear is a REIT, the distribution meets the definition of a 'qualifying distribution' for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 (Income Tax Act). Qualifying distributions received by South African tax residents will form part of their gross income in terms of section 10(1)(k)(i)(aa) of the Income Tax Act. Consequently, these distributions are treated as income in the hands of the shareholders and are not subject to dividends withholding tax. The exemption from dividends withholding tax is not applicable to non-resident shareholders, but they may qualify for relief under a tax treaty.

SOUTH AFRICAN TAX RESIDENTS

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 exception, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act, because it is a dividend distributed by a REIT. The dividend is exempt from dividends withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provide the following forms to the Central Securities Depository Participant ("CSDP") or broker in respect of uncertificated shares, or to the company, in respect of certificated shares:

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

b) a written undertaking to inform the CSDP, broker or the company, 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 to arrange for the above-mentioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

NON-RESIDENTS SHAREHOLDERS

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. It should be noted that up to 31 December 2013, dividends received by non-residents from a REIT were not subject to dividends withholding tax. Since 1 January 2014, any dividend received by a non-resident from a REIT will be subject to dividends 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 shareholder concerned. Assuming dividends withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 37.61408 cents per share. A reduced dividends withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following form to their CSDP or broker 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 DTA; and

b) a written undertaking to inform their CSDP, broker or the company, 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 to arrange for the above-mentioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

The number of ordinary shares in issue on declaration date is 205 776 521.

The company's tax reference number is 9068437236.

Holders of uncertificated shares have to ensure that they have verified their residence status with their CSDP or broker. Holders of certificated shares will be asked to complete a declaration to the company. The distribution is payable to shareholders in accordance with the timetable set out herewith:

	2020
Declaration date	Thursday, 14 May
Last day to trade cum-dividend distribution	Tuesday, 2 June
Shares trade ex-dividend distribution	Wednesday, 3 June
Record date	Friday, 5 June
Payment date	Monday, 8 June

Share certificates may not be dematerialised or rematerialised between Wednesday, 3 June 2020 and Friday, 5 June 2020, both days inclusive.

In respect of dematerialised shareholders, the distributions will be transferred to the CSDP account/broker accounts on Monday, 8 June 2020. Certificated shareholders' distribution payments will be paid to certificated shareholders' bank accounts on Monday, 8 June 2020.

On behalf of the Board
Spear REIT Limited

Abubaker Varachhia
Non-executive Chairman

Quintin Rossi
Chief Executive Officer

Christiaan Barnard
Chief Financial Officer

Cape Town
14 May 2020

DIRECTORATE AND ADMINISTRATION

SPEAR REIT LIMITED

Incorporated in the Republic of South Africa
Registration number 2015/407237/06
JSE share code: SEA
ISIN: ZAE000228995
LEI: 378900F76170CCB33C50
(Approved as a REIT by the JSE)
("Spear" or "the group" or "the company")

REGISTERED OFFICE

16th Floor
2 Long Street
Cape Town, 8001
(PO Box 50, Observatory, 7935)

DIRECTORS

Abubaker Varachhia*
(Non-executive Chairman)

Michael Naftali Flax*
(Non-executive Deputy Chairman)

Quintin Michael Rossi
(Chief Executive Officer)

Christiaan Barnard
(Chief Financial Officer)

Brian Leon Goldberg*#

Jalaloodien Ebrahim Allie*#
(Lead Independent Director)

Niclas Kjellström-Matseke*#

Cormack Sean McCarthy*

Dr. Rozett Lucille Phillips*#

* Non-executive
# Independent

CONTACT DETAILS

info@spearprop.co.za

COMPANY SECRETARY

René Cheryl Stober

TRANSFER SECRETARIES

Computershare Investor Services
Proprietary Limited
Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

INDEPENDENT REPORTING ACCOUNTANTS AND AUDITORS

BDO South Africa Incorporated
6th Floor, 123 Hertzog Boulevard
Foreshore, Cape Town, 8001
(PO Box 2275, Cape Town, 8000)

SPONSOR

PSG Capital Proprietary Limited
1st Floor, Ou Kollege Building
35 Kerk Street, Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

LEGAL ADVISOR

Cliffe Dekker Hofmeyr
11 Buitengracht Street, Cape Town, 8001
(PO Box 695, Cape Town, 8000)

BANKERS

Nedbank Limited
Standard Bank Limited
Investec Limited

www.spearprop.co.za

SPEAR
REIT LIMITED

16th Floor, 2 Long Street, Cape Town, 8001

info@spearprop.co.za

www.spearprop.co.za