



SPEAR
REIT LIMITED

THE WESTERN CAPE REIT

**CREDIBLE
PREDICTABLE
CONSISTENT**

INTEGRATED REPORT 2024





ABOUT THIS REPORT

Spear REIT Limited (“Spear” or “the group”) is proud to present its integrated report for the year ended 29 February 2024. This report aims at providing an understanding of Spear’s operations, growth and performance, how the group is managed from a corporate governance perspective, its social and environmental impact, and its financial performance for the year under review.

Materiality

Spear identifies the concept of materiality to represent any item that could substantively affect the company’s ability to create value for its stakeholders and influence the decisions of the stakeholders.

Approval of the integrated report and independent assurance

The integrity of the report is the responsibility of the board of directors. The board has approved the integrated report for the year ended 29 February 2024. The board believes that the report has been prepared in accordance with best practice and is a fair representation of the integrated performance of the group. Independent assurance has been provided of all financial information presented in this report. An unqualified audit opinion has been issued on the consolidated and separate financial statements by BDO South Africa Incorporated.

NATURE OF BUSINESS

Spear REIT Limited (“Spear”) 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 listed on the JSE that 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.

VIRGIN PADEL, THE ISLAND,
PAARDEN EILAND

Table of CONTENTS



1 WATERHOUSE PLACE,
CENTURY CITY

About this Report	IFC
Nature of Business	IFC
Table of Contents	1
Highlights	2
Spear REIT at a Glance	3
Spear Segmental Analysis	4
Five-year Financial Review	6
Chairman's Report	8
Chief Executive Officer's Report	12
Board of Directors	24
Corporate Governance Report	26
Report of the Social and Ethics Committee	30
Sustainability Report	32
Remuneration Report	35
Risk Management Report	49
Consolidated Financial Statements	53
Notice of Annual General Meeting	105
Form of Proxy	Attached
Directorate and Administration	IBC
Shareholder Diary	IBC



HIGHLIGHTS



29
ASSETS

R4.62BN
PORTFOLIO VALUE

9.78%
PORTFOLIO VALUE INCREASE
(FY2023)

R157.6M
AVG PROPERTY VALUE

R10 718/M²
AVG PROPERTY VALUATION



31.60%
LTV (SA REIT)

47%
FIXED DEBT RATIO

25 MONTHS
AVERAGE DEBT EXPIRY

9.48%
AVG COST OF DEBT

8.55%
AVG COST OF FIXED DEBT

10.16%
AVG COST OF VARIABLE DEBT



82.99
DIPS CENTS
FY2024

78.86
DPS CENTS FY2024

95%
FY2024 AVERAGE PAYOUT RATIO

43.69%
SA REIT COST-TO-INCOME RATIO

6.00%
SA REIT ADMIN COST-TO-INCOME



R11.79
TANGIBLE NET
ASSET VALUE
(TNAV)

2.79%
INCREASE FROM FY2023

R11.47
FY2023



98.92%
FY2024
CASH
COLLECTIONS

R36M
NET CASH FROM OPERATING
ACTIVITIES GENERATED



7.52%
AVERAGE
IN-FORCE
ESCALATIONS

426 542M²
GLA

93.12%
OCCUPANCY

26 MONTHS
WALE

R108/M²/PM
AVG RENTAL INCLUDING RATES

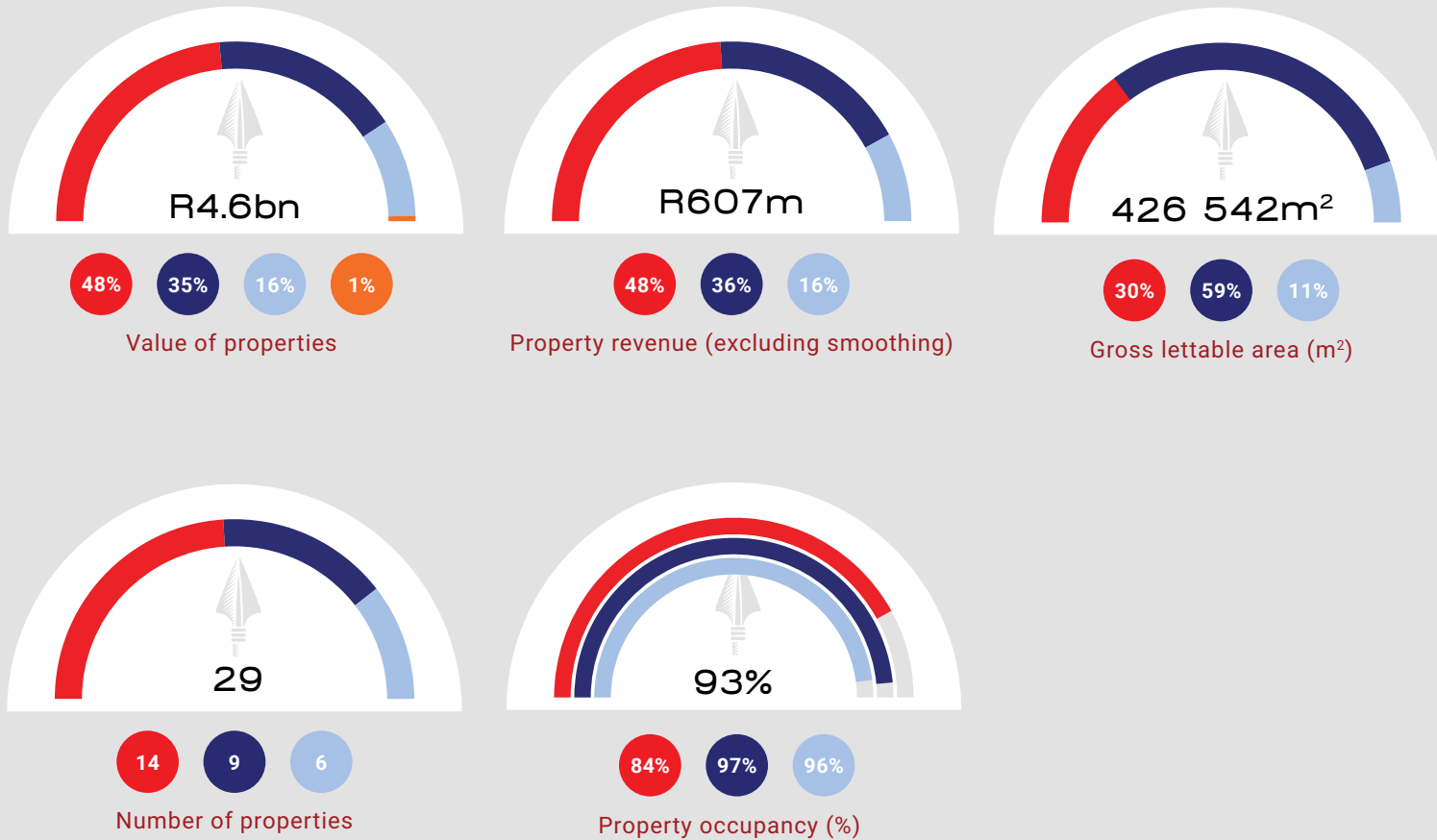


BLACKHEATH PARK, BLACKHEATH



Spear REIT at a GLANCE

Sectoral split by Value, Revenue & GLA



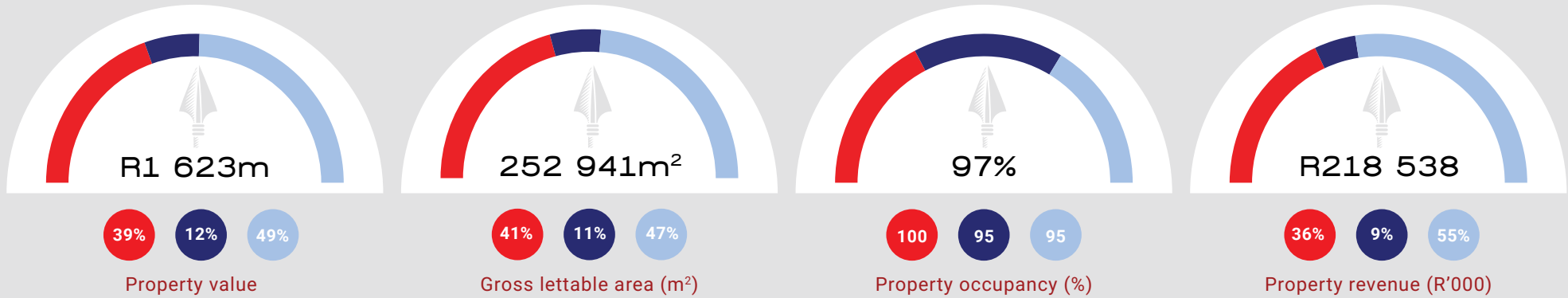
● Commercial
 ● Industrial
 ● Retail
 ● Development Land



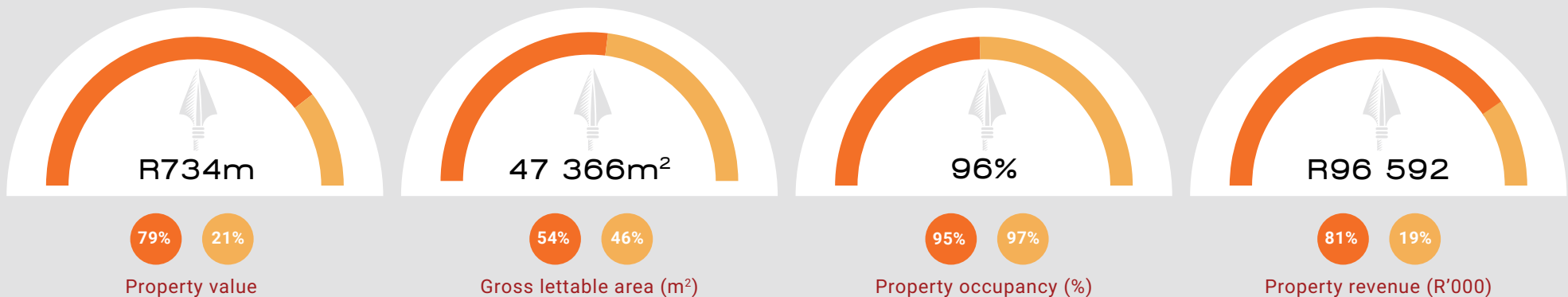


Spear Segmental ANALYSIS

Industrial



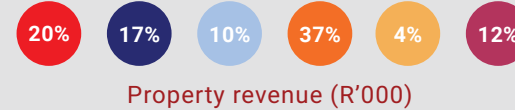
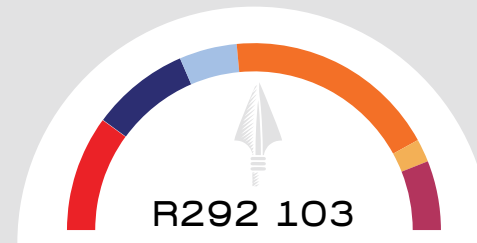
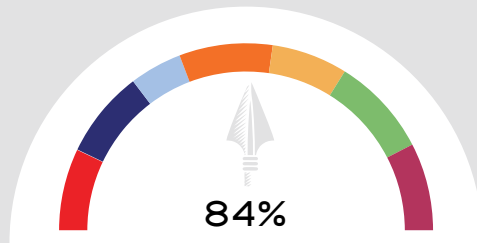
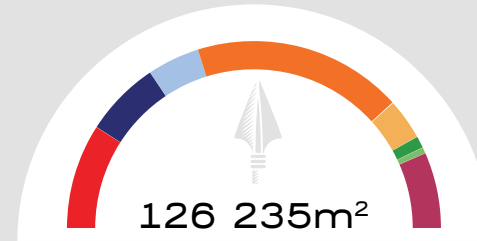
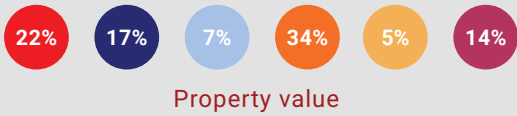
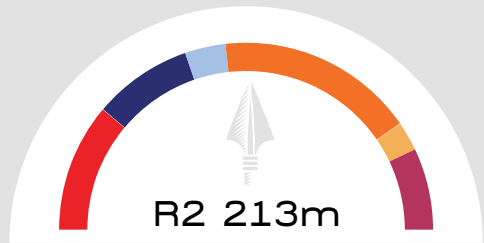
Retail



● Logistics
 ● Urban Logistics
 ● Manufacturing
 ● Convenience Retail
 ● Destination Retail



Commercial



Five-year

FINANCIAL REVIEW



LIBERTY LIFE BUILDING,
CENTURY CITY



	February 2024 R'000	February 2023 R'000	February 2022 R'000	February 2021 R'000	February 2020 R'000
Statement of financial position					
ASSETS					
Investment property (including straight-line accrual)	4 185 066	3 793 263	4 406 265	4 495 969	4 183 995
Other non-current assets	933	1 824	7 119	12 767	69 819
Current assets	492 423	461 621	117 089	75 151	48 152
Total assets	4 678 422	4 256 708	4 530 473	4 583 887	4 301 966
EQUITY AND LIABILITIES					
Capital and reserves	3 068 045	2 594 408	2 650 089	2 372 257	2 447 203
Non-controlling interest	13 112	13 112	23 255	19 041	73 197
Total equity	3 081 157	2 607 520	2 673 344	2 391 298	2 520 400
Non-current liabilities	1 247 616	1 175 273	1 780 280	1 698 227	1 545 445
Current liabilities	349 649	473 915	76 849	494 362	236 121
Total equity and liabilities	4 678 422	4 256 708	4 530 473	4 583 887	4 301 966
Statement of comprehensive income					
Total revenue	619 404	581 232	574 862	531 237	527 206
Property and administrative costs	(250 917)	(234 742)	(232 909)	(187 590)	(185 772)
Other net gains/(losses)	(24 179)	(23 557)	(23 765)	(24 042)	(15 274)
Fair value adjustment – investment property	176 893	(2 873)	(2 051)	(106 404)	9 326
Profit from operations	521 200	320 059	316 137	213 201	335 486
Net finance cost	(156 538)	(135 326)	(147 289)	(147 927)	(122 969)
Profit before taxation	364 663	184 733	168 848	65 274	212 517
Taxation	(1 923)	(2 528)	(3 925)	(8 290)	74
Profit for the year	362 740	182 205	164 923	56 984	212 591
Profit attributable to:					
Equity owners of parent	362 740	182 206	164 924	53 008	207 305
Non-controlling interest	–	–	–	3 977	5 285
Other information					
Distributable income (R'000)	200 805	188 417	170 975	148 727	186 098
Distribution per share (cents)	78.86	75.97	68.25	58.70	91.66
Payout ratio (%)	95	92	88	80	100
Diluted earnings per share (cents)	158.29	77.27	76.14	25.48	103.37
Headline earnings per share (cents)	82.78	79.85	77.21	76.70	99.09
Tangible net asset value (Rands)	11.79	11.47	11.30	11.50	12.17
Loan to value (%)	31.60	36.30	39.05	45.81	39.63
Average cost of debt (%)	9.48	8.66	7.32	7.26	8.75
Market capitalisation (R'000)	2 075 642	1 799 621	2 081 194	1 094 539	1 831 411
Non-financial information					
Number of properties	29	28	31	32	32
Gross lettable area (m ²)	426 542	409 868	457 950	453 458	436 436
Vacancy (%)	6.88	7.82	6.24	6.16	2.88
Weighted average lease expiry (months)	26	27	27	27	29

TOP 5 PROPERTIES BY VALUE



MEGA PARK, BELLVILLE

INDUSTRIAL
Sector

R549m
Value

86 195m²
GLA

11.86%
Total Value

R6 369/m²
Valuation





CHAIRMAN'S REPORT

Globetrotting carefully

Over the past year, our world faced continued economic, social, and political challenges. As economies picked up the pieces left over from the Covid-19 pandemic, and green shoots sprouted into economic growth, increasing interest rates, spurred on by worldwide inflationary pressures, and geopolitical tension escalating around the globe brought back some uncertainty within the global operating context. We have all had to recalibrate the way we do business amid the uncertainty, with the amplification of the rate at which technology is changing, and artificial intelligence becoming a conventional business tool with endless applications.

The Russia-Ukraine war continued to persist, with tensions in the Middle East surging to one of the deadliest conflicts in recent times, leaving many citizens and governments of the world polarised on the matter that has the potential to engulf the entire region. Not unlike the former war, the latter conflict has inflicted challenges on the global economy, and continues to do so, disrupting supply chains, economic stability, as well as resource and food security. This uncertainty further exacerbates any economy's ability to adequately predict an economic outcome to address monetary policy concerns.

Despite many key indicators informing market participants that inflation has somewhat settled, we are yet to see any meaningful shifts in monetary policy across the globe that would result in lower interest rates. Although many developed economies continue to grow at acceptable levels despite the high interest rate environment, South Africa's growth prospects are marginally lower than its emerging market counterparts, albeit not only due to interest rate policy, but also our challenging political environment.

2024 will see more countries and governing bodies hold elections than any year before, spanning more than half the population of the globe, with economies making up more than 60% of global GDP going to the polls, including South Africa. To add to the uncertainty,

this, to some extent, forces the hand of many investors, businesses and policymakers to delay making critical decisions until such time as government policy certainty is known.

Despite these challenges, the REIT industry has staged a satisfactory recovery, particularly towards the end of 2023, buoyed by the news of normalisation in CPI across developed economies as investors anticipated that the top of the interest rate hiking cycle had been reached. Despite the short-term effect of monetary



BLACKHEATH DC,
BLACKHEATH

CHAIRMAN'S REPORT CONTINUED

policy expectations on REITs, I believe that ourselves and many of our counterparts in the industry have had the past five years to take stock of our portfolios, critically evaluate our strategies and optimise our balance sheets, which in turn places the industry on a robust footing over the foreseeable medium term.

The good, the bad, and the democracy

2024 marks 30 years since the dawn of democracy in South Africa. Our country and its people have made significant strides in establishing an inclusive society and economy, and our resilience as a people is a testament to this. Despite the many challenges we face, our countrymen tend to always be solution-driven, with a "make a plan" attitude. Although there is still much to do, one must not detract from the progress that has been made amid the challenges we are facing brought on by government mismanagement and corruption, the sins of our past and current leaders for which we continue to pay for.

In 2023 we saw the worst year of loadshedding recorded, not only by the number of hours, but also by the severity and length of time in higher stages of loadshedding. It is estimated that on average, South Africans spent 20% of their time without electricity due to loadshedding. Loadshedding continues to have dire consequences for our economy, with some analysts predicting a loss of GDP growth by at least 3% per annum as a result. With many positive regulatory advancements as well as participation by the private sector in finding alternative energy solutions, we should expect to see the extent of loadshedding decrease over the coming years. Eskom, however, remains a state-owned enterprise in need of an overhaul.

Failing infrastructure around the country has increasingly become worrying, with water security in particular top of mind of the general population given the extent of water outages in parts of the country. The safety of consuming water supplied by municipalities has also come into question, with many instances of disease breakouts as a result of poor water quality. It is concerning that what was once considered a basic necessity provided by government, being water and electricity, is now responsible for more than 60% of social unrest and protests over the past 12 months.

The dire state of Transnet is further dampening economic growth, particularly within the resource and agriculture industries which rely heavily on exports. Failing rail lines and crumbling infrastructure at ports have resulted in reduced export capacity and the inability of our economy to take advantage of adjusted trade routes brought on by geopolitical tensions. The fiscal outlook remains concerning, with a forecast over the medium term of low GDP growth, a high debt-GDP ratio, and a significant portion of government revenue being utilised to service debt and settle the public wage bill.

As we South Africans head to the polls this year to elect our national government for the next five years, it may seem obvious which challenges are most important for our government to tackle, which the current regime has had little to no luck in fixing over the past five years. There are many avenues for opposition political parties to approach in order to win votes against the governing party. Voters are beginning to lose patience, and we may be faced with a coalition government for the first time in our democracy over the next five years, which brings immense uncertainty to economic policy and the growth necessary to set South Africa back onto a successful trajectory.

A settled sector poised for growth

For the better part of a decade, the listed property sector has been under immense pressure, not only due to the difficulties brought on by Covid, but by the increased scrutiny on balance sheets and operational efficiency from investors that demanded a more robust framework by which to measure the quality of property portfolios. The majority of the sector has, through its own initiatives, as well as from the learnings through the pandemic, taken steps to adequately provision their balance sheets for difficult times, and be inventive and dynamic in their approach to asset management, leading to a better understanding of tenant needs and end user preferences.

Almost all of the REITs listed on the Johannesburg Stock Exchange have taken steps to reduce their loan-to-value ("LTV") ratios and reconsidered distribution policies to ensure a more sustainable business model. Given the economic climate, tenant credit quality is at the forefront of many property managers and with good



CITY ROCK, THE ISLAND,
PAARDEN EILAND

consideration being given to the long-term implication of any given asset class. Property ownership remains a favourite when it comes to both wealth preservation and growth, and with listed REITs providing both accessibility and liquidity to the property sector, I do foresee the sector remaining relevant for a long time to come.

The REIT sector in South Africa has not yet made a full recovery and continues to be traded below net asset value levels. However, the rally at the end of 2023 did show some promise for a recovery in the industry. Although this was buoyed by macroeconomic factors and not necessarily property fundamentals, I believe that we are at a juncture in time whereby property companies are being considered not only as fixed-income products, but as businesses where active balance sheet management and the quality of management teams are being critically considered by investors. This shift is a serious determinant in identifying the long-term quality and trajectory of any given property portfolio, not only to provide stable income to investors, but capital growth on their portfolio too.

Coming into 2024, we have seen further evidence of the tides turning for the industry, with REITs choosing to raise capital on the equity markets instead of debt, and to being fully subscribed for their issuances. This is telling of a sector on the rebound, which we hope to see over the coming years. Despite the challenges posed by Regulation 28 of the Pension Funds Act resulting in difficulties to attract institutional capital locally, there still seems to be an appetite for our local REIT sector, with much unrealised value to be unlocked.

At the 2024 SA REIT Conference, what became clear was that the vast majority of REIT executives were concerned about the effect on the REIT sector brought on by climate change, macro changes and disruptive technologies. While the first two concerns are tougher to isolate and address at a business level, technology should be seen as a catalyst to enable property managers to pinpoint and focus on areas within their business that could benefit from technological efficiencies. At this time, serious consideration must be given to deploy a level of capital expenditure towards these initiatives to reap the financial and operational benefits of doing so in the medium to long term.

Stakeholders benefit from our regional focus

Our pride at Spear REIT is the Western Cape, and all that is good within its operating environment, given the context of South Africa. When Mike Flax, Quintin Rossi and I established this business in 2011, our intentions were to be close to our assets and tenants to enable superior asset management of our portfolio to create outsized stakeholder value. Thirteen years later, we also find ourselves operating in the best run municipality and province in the country, which bears a contrast of prosperity when compared to the rest of the country. Sometimes the environment in which a business operates is not given sufficient credit for a business's successes, however, in our instance, we are deeply grateful to our local government for "keeping the Cape in shape".

In 2023 I wrote to stakeholders on the number of initiatives and statistics that our local government in the Western Cape had fulfilled or outlined to ensure continued growth and stability within the region. The City of Cape Town is an operation of efficiency, with the City having received at least 15% less loadshedding in 2023 than the remainder of the country. For the greater Western Cape, we have seen local and international tourism surpass pre-Covid levels and semigration towards coastal towns continue, evident by the increased development activity, increased housing prices, and increase in congestion during holiday periods. Furthermore, unemployment in the province is the lowest in the country.

At Spear REIT, we continue to re-evaluate our core business on an ongoing basis, making disposals where assets no longer meet our long-term investment criteria. Our management team has been successful in maintaining sound property fundamentals with a relatively flat rental reversion and tenant occupancy at almost 95%, while actively managing balance sheet risk for our ongoing sustainability. Our sustainability initiatives have continued, with this year seeing more than 60% of our assets having solar PV installed. While quality asset prices in the Western Cape are high given the outlook of the local economy, we are excited to embark on the development of GTX Park in George which will add 30 000m² to the GLA of our portfolio. Well done to the executive team on

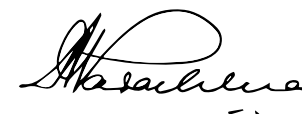
finalising the private placement towards the end of our financial year, bringing our LTV down to the low-mid 30% level, well within our target range with room for expansion should value-accretive opportunities arise.

Looking forward and in conclusion

We expect much of the same from our management team going forward in the form of prudent operational efficiency and balance sheet management. Despite quality assets in the Western Cape being much sought after and trading at significant premiums, the executive team will continue to search for investment opportunities that are value-accretive to our current portfolio. This may come in the form of specialised asset classes, such as data centres or similar brick-and-mortar assets related to the fourth industrial revolution, or portfolios of assets through which we will be able to extract value through our entrepreneurial operational approach.

With the trajectory of the Western Cape economy and our regional focus, we are excited for what is to come and are hopeful on delivering value to all our stakeholders. The excitement, however, must be cautioned with the uncertainty that lies ahead, both at a local and global level, and how that may affect the economy in which we operate. Despite any headwinds we may face, I believe that our core entrepreneurial spirit and equitable business practices will place us in good stead to navigate both the good times and the trying times. Our business will surely benefit in the years to come from our strong property fundamentals, proximity to assets and tenants, and an experienced executive team.

As another year concludes, I must express my gratitude to our team at Spear REIT, who under the leadership of my fellow co-founder, Quintin Rossi, continues to deliver value. To the board of directors, thank you for your guidance, insights and advice that aids our executive team in moving our business forward. Thank you to all our stakeholders for your continued support.



Abubaker Varachhia
Chairman

17 May 2024

TOP 5 PROPERTIES BY VALUE



SABLE SQUARE SHOPPING CENTRE, MILNERTON

RETAIL
Sector

R478m
Value

31 111m²
GLA

10.33%
Total Value

R15 364/m²
Valuation



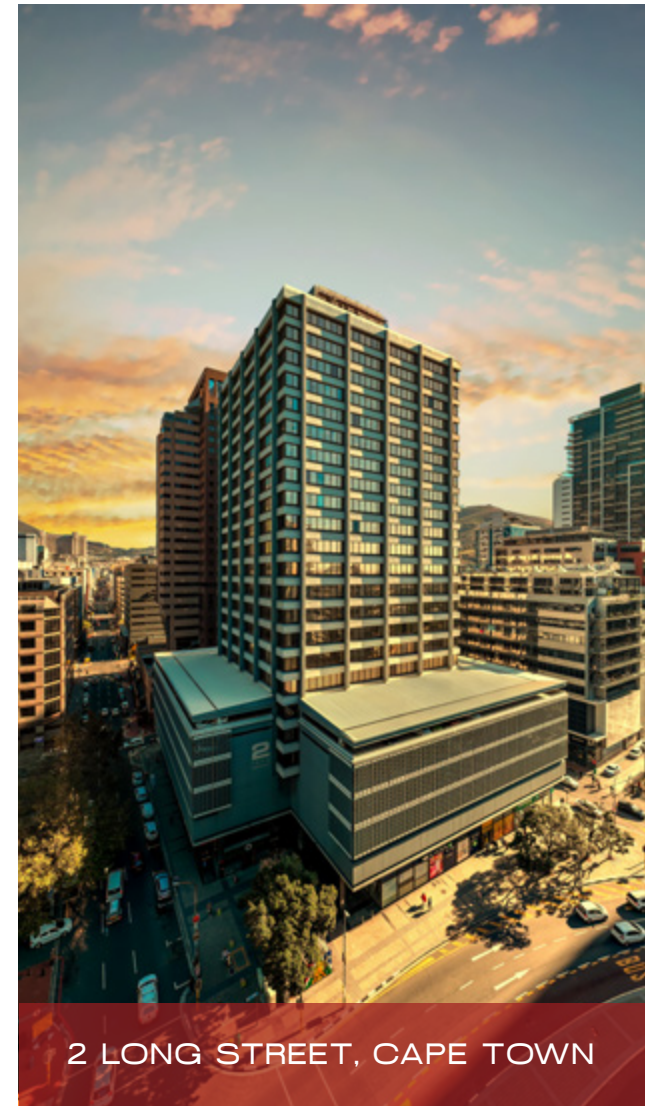


CHIEF EXECUTIVE OFFICER'S REPORT

“Resilience, fortitude, and courage have become the staple diet of South Africans as our ability to navigate, overcome and transcend the multitude of challenges facing our young and growing democracy confront us daily. Despite all the aforementioned, *Spear has delivered its 8th set of annual results, setting itself apart as one of the top-performing REITs in South Africa*, both in operational performance and cumulative total return.”
- Quintin Rossi, CEO

My opening gambit for FY2024 in review could be prefaced with a poetic reflection about bravery and resilience and I'm certain it would be justified, but I will choose to greet you all in a manner that depicts all these abovementioned characteristics:

Hello fellow Rugby World Champions! Reflecting on the year I am reminded of the many hills and valleys we, as South Africans, have traversed. The views have only got better and better over the years despite ongoing challenges!



CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

The Spear team delivered a mission statement-aligned outcome in FY2024 despite an operating environment that presented numerous headwinds as the South African macroeconomic environment remained constrained during the year. Spear's regional focus on the Western Cape and the well diversified real estate portfolio continued to deliver growth outcomes. Our focused asset management and hands-on property management approach have consistently provided the springboard from which to project our business from one successful financial year into the next.

FY2024 was characterised by a spectrum of challenges and achievements within the Spear ecosystem. This has tested and showcased our resilience and ability to adapt strategically and navigate both opportunities and obstacles in the trading environment.

South Africans will go to the polls on 29 May 2024 to decide on who leads this great nation for the next five years and this in and of itself could redefine the South African political landscape for the next few decades. As the leader of a business that solely operates in South Africa, I see the need for major political and financial reforms in our nation and trust that the best people will be elected to work on achieving the vision for our rainbow nation.

The trading environment remains difficult and unpredictable as headwinds such as loadshedding, crime and high unemployment rates place further pressures on the South African investment case. The South African-listed property sector has faced challenges such as interest rate hikes, sluggish economic growth, and the prolonged energy crisis, all of which have eroded profitability. However, I do believe that better days are ahead, as energy security becomes prioritised by both the public and private sectors, signs of interest rate tapering cycles emerge, and consistent job creation in the case of the Western Cape is realised. Zooming out, the global landscape is currently characterised by instability with factors such as geopolitical shifts and tensions, ongoing supply chain disruptions, stubborn inflation prints, and benign economic growth.

Since listing on the JSE as a specialist REIT eight years ago, Spear has steadily grown its asset value to R4.6 billion, with a well-diversified portfolio of industrial, commercial, retail, and mixed-use assets totalling 426 542m² of gross lettable area ("GLA").

In FY2024, Spear achieved a distributable income per share ("DIPS") of 82.99 cents, with a total distribution per share ("DPS") of 78.86 cents, being a 1.04% and 3.80% increase respectively from FY2023. With cash collections remaining consistent and robust at 98% for FY2024, the board has approved a payout ratio for the final six months of the year, amounting to 96% of DIPS, resulting in an annualised average payout of 95% for FY2024.

"Despite the challenging economic climate, Spear is well positioned to navigate these conditions successfully. Our team's hands-on asset management approach prioritises core portfolio performance over short-term asset value growth."
- Quintin Rossi, CEO

Spear's strategy of being a fully internally managed REIT focused on a singular region, allows for centred asset management opportunities to be unlocked across its current portfolio of assets and its acquisition and development pipeline. Spear's active asset management approach continues to yield favourably across the operating business, on both a GLA and a non-GLA basis. This notably includes a clear and implementable renewable energy and water continuity strategy. Spear's asset management strategy is scalable and achievable across future acquisitions and developments undertaken.

"Looking ahead into FY2025, we remain committed to refining the execution of our strategies and seeking out new, value-adding growth opportunities, both internally and externally. We continue to uphold our focus on delivering credible, predictable, and consistent operating performance and financial outcomes for all stakeholders."
- Quintin Rossi, CEO





CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

We remain confident in our ability to becoming a meaningful, mid-cap SA REIT as we prepare to onboard the new Western Cape portfolio as announced on SENS on 2 April 2024, subject to the regulatory and shareholder approvals being obtained. Spear's growth will never come at the expense of earnings and core portfolio asset value and will continuously be driven by sound real estate investment principles. Further details regarding this new portfolio acquisition are set out in this report and can also be found under the investor communication tab on the Spear REIT Limited website.

Good governance matters – City of Cape Town

“Real estate isn't just about buildings as inanimate objects. It often reflects the pulse of the nation.” - Sam Zell

As the rest of South Africa faces numerous governance challenges across cities, local and district municipalities, the City of Cape Town continues to deliver on its “City of Hope” strategy through numerous focused service delivery initiatives. The “pulse” of the Western Cape and the City of Cape Town is healthy, and the cascading benefits manifest in the real estate ecosystem. This is evident as capital and people follow good governance and policy certainty. Semigrants, investors and developers are pouring billions of rands into diversified real estate investments and developments within the Western Cape and City of Cape Town, with property investment and development in the Cape Town CBD exceeding R3.5 billion in 2022/2023, alone.

The City of Cape Town has ranked first in South Africa's metros in Good Governance Africa's recently publicised 2024 Governance Performance Index (GPI). The GPI index awards a ranking to South African cities, local and district municipalities across five key “good governance indicators”. The City of Cape Town has come out on top as the only South African metro to score a minimum of four out of five for every measure.

The five categories measured in the GPI were:

- Administration and Governance
- Economic Development
- Leadership and Management
- Planning, Monitoring and Evaluation
- Service Delivery

“Good governance is the foundation of a job-creating economy and better service delivery, especially for the most vulnerable ... Cape Town's top ranking is a sign of progress to help more people out of poverty and into employment.” - Mayor Geordin Hill-Lewis, City of Cape Town

Cape Town's top ranking in the GPI index is supported by findings in highly credible surveys independently conducted, including:

- Cape Town is SA's most sustainable city according to the Municipal Financial Sustainability Index for 2022/23, and the top ranked city in the Knights Sustainable Cities Index 2023
- Ratings Afrika found Cape Town to be SA's best municipality for financial sustainability in 2023
- The city has received a clean audit from the Auditor General for 2022/23
- Rating agencies such as Moody's have conferred a strong credit rating on Cape Town, with a stable outlook, even amid a largely negative outlook elsewhere in the country.

Spear's Western Cape-only focus mitigates the risk of poor governance and service delivery as all the above-mentioned facts act as an additional underpin to the investment proposition.

Energy resilience

In 2023, South Africa faced its most severe loadshedding crisis to date, significantly hindering economic growth, exacerbating unemployment, and compromising the safety and dignity of residents. The estimated real GDP loss for the Western Cape due to loadshedding ranges from R48.6 billion to R61.2 billion, with R8.2 billion lost in 2022 alone. The daily cost of stage 4 loadshedding on the Western Cape's economy is approximately R43 million, with higher stages imposing even greater costs.

Premier Alan Winde commented in his State of the Province address that the “Western Cape is making strides towards becoming the first loadshedding-free province in the country. A total investment of nearly R7 billion over the next three years, comprising contributions from the province, the City of Cape Town, and other municipalities, aims to enhance energy resilience. Private households and businesses are leading the charge, with initiatives such as the development of three 75MW solar farms in the Touws River area and various embedded solar projects.”

“The adoption of solar and battery solutions by thousands of households, totalling at least 6GW, demonstrates a significant shift towards renewable energy. Municipalities, including Cape Town and Hessequa, are investing in renewable energy projects to alleviate power outages, with Riversdale set to become the province's first loadshedding-free town.”

“Efforts to ensure essential services during loadshedding include equipping health facilities with generators and installing inverters in clinics. Municipalities are also investing in infrastructure to maintain services during power outages, such as ensuring traffic lights remain operational in Paarl.”

“In response to the immediate impact of loadshedding, measures have been implemented, including the distribution of loadshedding relief packs to vulnerable groups and the provision of generators to municipalities through an emergency relief grant. These initiatives aim to mitigate the effects of ongoing power cuts on residents while long-term solutions are pursued.”





CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

Strategic objectives achieved

The Island Urban Logistics Park acquisition

The property, known as “The Island”, is one of only a handful of large-scale modern warehousing complexes with roof heights ranging from 11 metres to 14 metres under eaves, located in Paarden Eiland, Cape Town. Paarden Eiland is within 10 minutes’ drive of the Cape Town CBD offering a compelling accommodation solution to urban logistics firms, large-box destination-based service providers and engineering services serving the Cape Town Metropole, in addition to the shipping ports.

The acquisition on 9 May 2023 of The Island Urban Logistics Park for R185 million at an initial yield of 9.75% aligned with Spear’s strategic objectives to continuously increase portfolio exposure to high-quality industrial real estate with a focus on logistics, urban logistics and bulk warehousing within the Cape Town Metropole.

The Island acquisition bolstered Spear’s already high-quality industrial portfolio and will meaningfully contribute to the ongoing sustainable and consistent cash flows generated across the balance of the 100% Western Cape portfolio.

Solar PV rollout

Spear’s focus on rolling out a material and impactful solar PV portfolio continues to become a reality across various parts of the portfolio. During FY2024, two major new solar PV installations were completed: an extension of Mega Park and Sable Square adding 2.15MW to Spear’s solar PV portfolio within Q4 of FY2024. Management has adopted a three-pronged approach to Spear’s solar PV rollout that includes a mix of capital expenditure installations, roof rental installations with long-dated lease agreements, and instalment sale installations.

To date, more than 60% of the current Spear portfolio has solar PV installed, with the commissioned capacity generating over 7MW of electrical supply, which translates to a penetration rate on property of 25% of energy demand being generated by solar PV systems.

Woven into the investment decision-making of Spear will be a focused and executable renewable energy strategy, as every new acquisition is interrogated as to the extent of its solar PV feasibility and capability. The introduction of energy wheeling, we believe, will be a further game-changer for landlords, business owners and the City of Cape Town as all relevant stakeholders work towards advancing energy security goals.

GTX Park, George Airport

Spear initiated Phase 1 bulk infrastructure works on GTX Park in George. GTX Park is located within the greater 1.2 ha Airport Business Park precinct of George, neighbouring the George Airport. Phase 1 bulk infrastructure works are set to be completed by end April/May 2024, in addition to the construction of the new circle at the exit of the George Airport. The industrial park development will comprise of up to 30 000m² of high-quality and secure industrial units ranging from 400m² – 10 000m². The heights of the various warehouse units will range from 10.5m to 15m under eaves.

As the Phase 1 infrastructure works progress, strong leasing interest has been received with numerous proposals currently under consideration with end users. The development of GTX Park will be tenant-driven, not speculative. The total capital cost of GTX Park once fully developed will be circa R400 million over the next four to five years.

February 2024 capital raise

On 7 February 2024, Spear announced the successful completion of a private placement of R313.5 million worth of new equity.

In terms of the private placement, a total of 37.6 million new shares were issued to public shareholders, at an issue price of R8.35 per share. The issue price reflected a premium of 0.36% to the volume weighted average traded price of Spear shares over the 30 trading days immediately prior to 7 February 2024. Strong growth in Spear’s share price presented a favourable opportunity to implement the private placement. The proceeds were utilised to settle certain variable rate debt obligations in a value-accretive manner, giving Spear greater freedom to pursue and finalise opportunities aligned with our growth strategy.

The increased headroom resulting from the reduction of debt levels, will allow management to implement internal strategic growth initiatives and pursue acquisition opportunities. These opportunities include both individual assets and diversified property portfolios, with a bias towards industrial and retail assets.

Spear’s group LTV following the private placement at year-end was 31.60%. The latter excludes the disposal and anticipated transfer of the Liberty Life Building in Century City, which will further reduce Spear’s group LTV metrics.

Management is optimistic that its targeted growth strategy through acquisitions and developments, will enable Spear to grow its portfolio within the Western Cape, adding assets that are similar in nature and key performance metrics to the existing Spear portfolio across industrial, retail, mixed-use and multi-let office assets within prime nodes.

New Western Cape portfolio acquisition

On 28 March 2024, Spear entered into acquisition agreements to acquire 13 Western Cape real estate assets valued at R1.146 billion as a diversified portfolio acquisition. The acquisition of this portfolio is in line with Spear’s strategy of increasing its real estate portfolio within the Western Cape and provides a strategic opportunity to meaningfully increase its market share within the Western Cape. The acquisition adds a complementary high-quality diversified property portfolio comprising industrial, retail, mixed-use and commercial assets to the Spear portfolio. In addition, it also offers an entry point into long-dated medical and life sciences-related facilities.

This acquisition not only facilitates revenue and long-term growth prospects for Spear, but will also create operating efficiencies, enabling Spear (being a fully internally managed REIT) to increase operating profit margins and drive sustained profitability, by leveraging combined expertise and resources to reduce costs through economies of scale.



CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

The acquisition of the portfolio significantly enhances Spear's ability to expand its current property portfolio, particularly in a real estate market where scaling through piece-meal acquisitions or organic growth would pose challenging, given the current market conditions and the robust real estate fundamentals in the Western Cape. The acquisition will increase Spear's assets under ownership from 29 to 40 high-quality real estate assets at expected transfer date and enhance Spear's portfolio diversification and geographical spread of assets within the Western Cape, while maintaining its bias towards the Cape Town Metropole.

The acquired property portfolio is forecast to generate an initial net operating income yield of 9.46% prior to the once-off transaction fee provided by the seller. Post recognition of the once-off transaction fee amount, the anticipated initial yield generated by the new acquisition will be 10.1%.

The acquisition is aligned with Spear's investment strategy from an income, asset value growth, asset type and geographical perspective. Furthermore, Spear will implement its solar PV strategy across the portfolio, in line with our "People, Planet, Profit" ethos. Spear will allocate circa R20 million to this portfolio in order to reduce the overall reliance on fossil fuel-generated electricity supply through its renewable energy programme. Planned solar PV installations, once implemented, will increase the total installed and commissioned capacity to in excess of 10MW across the enlarged Spear portfolio.

"Spear's growth strategy is to remain exclusively invested in the Western Cape with aspirations to become a meaningful mid-cap REIT, with assets under ownership of circa R15 billion and a market capitalisation of R8 billion over the next seven to 10 years. Spear's growth strategy will not be hasty and will always comply with its strict investment criteria."
- Quintin Rossi, CEO

Post the implementation of the acquisition, Spear's assets under ownership will increase to circa R5.4 billion and our gross lettable area will increase to circa 502 000m² within the Western Cape. Given Spear's exclusive Western Cape focus, management's ability to replicate its active asset management style in respect of the targeted property portfolio is clear and executable. The proposed acquisition aligns firmly with Spear's three-pronged capital allocation and asset acquisition strategies.

The anticipated transfer date and implementation date is 1 December 2024.

The strategic objectives outlined above mirror the nimble, entrepreneurial, and socially conscious ethos of the entire Spear team, embodying our commitment to sustainability. Each strategic objective achieved enhances the overall Spear investment and business case. The long-term effects of these achievements will result in a portfolio that continues to generate sustainable cash flows and continuous capital growth for shareholders. The abovementioned achievements stem from not only the high-quality nature of the assets, but equally as a result of the exceptional Spear team.

Financial performance

FY2024 has been a challenging year as the macroeconomic environment provided no respite to the tough trading conditions.

"Spear's Western Cape specialisation has been one of the key enablers in achieving the financial performance during FY2024. This, together with a highly motivated and focused asset and property management team, has generated value across the core portfolio by following the hallmark Spear active management approach." - Quintin Rossi, CEO

Excluding smoothing, group revenue increased by 5.92% from FY2023, attributable to proactive management of Spear's revenue base, despite the challenging macroeconomic conditions. The stable group revenue and consistent cash flows from operating activities resulted in the Spear board approving an annual average payout ratio of 95% for FY2024. Cash collections have maintained a strong collection trend as core portfolio resilience manifested during the year across the board.

For FY2024, Spear's board declared a total DPS totalling 78.86 cents per share. The net issued shares, excluding treasury shares, at year-end amounted to 260 million. Both management and the board maintain significant investments in Spear, collectively holding 22.47% of the company.

Spear's tangible net asset value ("TNAV") per share increased by 2.79% to R11.79 (FY2023: R11.47) per share. This increase in TNAV is primarily attributed to upwards portfolio fair value adjustments at year-end. The core portfolio has shown welcomed asset value growth from growing cash flows and improvements in general real estate fundamentals in the Western Cape. Spear's share repurchase programme during the year resulted in 5.6 million shares repurchased at an average price of R7.43 per share (11% discount to the closing price of R8.35 per share as at 29 February 2024 and 37% discount to TNAV of R11.79 per share as at 29 February 2024).

Valuations

In FY2024, the average value per property increased year on year by 5.97% to R157 million. Spear's property valuations have always reflected a fair and conservatively valued portfolio. On a rate per square metre basis the portfolio is valued at R10 718/m² – an increase of 5.47% from the prior year.

When compared to industry peers, the core portfolio demonstrates attractive valuations across various sub-sectors, supported by robust and defensible metrics. Management believes that the discount rates and capitalisation rates utilised accurately reflect the prevailing operating environment, as well as the composition, location, and quality of cash flows within the core portfolio. FY2024 delivered an increase of R177 million in total portfolio value, due to fair value adjustments.





CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

Spear adheres to a valuation policy mandating that at least one-third of the portfolio undergoes independent valuation annually, with the entire portfolio independently valued over a three-year cycle. In FY2024, 66% of assets underwent independent valuation, while the remaining assets were valued internally by management. FY2024 valuations indicate an average exit capitalisation rate of 8.98%. Furthermore, Spear's auditors conduct an independent review of portfolio valuations and scrutinise the valuation reports provided by independent valuers. Utilising a five-year discounted cash flow ("DCF") method, both management and independent valuers concurred that FY2024 portfolio valuations accurately reflected prevailing market conditions and associated capitalisation rates.

Comprehensive details regarding portfolio valuations are available in the financial commentary section of the integrated report.

Sectoral performance

The adage that real estate success hinges on location is particularly relevant now. Spear's portfolio, primarily situated in the City of Cape Town, benefits from buffered electricity supply during loadshedding, ensuring better business continuity. The City of Cape Town aims to end loadshedding for its customers by 2025/26, enhancing operational stability and attractiveness of nodes supplied by the City of Cape Town.

Industrial

Spear's industrial portfolio has demonstrated robust performance during FY2024 as a result of the well diversified nature of the industrial portfolio and its locality, which is predominately within nodes that receive their electricity supply from the City of Cape Town as opposed to Eskom. The industrial portfolio constantly operated at high occupancy rates which, at period end, were 98.24%. Robust in-force escalation of 7.72%, compounding annually, further contributed to sustainable cash flows and asset value growth within the industrial portfolio. Spear's diversified portfolio includes multi-let industrial spaces, warehouses, logistics parks, and urban logistics facilities, comprising 59% of the total group GLA.

Portfolio performance

		Total	Industrial	Commercial	Retail	Development
Number of properties		29	9	14	6	–
Asset value		4 628 065	1 623 200	2 213 460	734 314	56 421
Revenue per sector	R'000	608 141	218 538	292 103	96 592	74
GLA	m ²	426 542	252 941	126 235	47 366	–
Vacancy – GLA based	m ²	29 351	7 503	19 736	2 113	–
Vacancy portfolio	%	6.88	1.76	4.63	0.50	–
Weighted average lease expiry	months	25.94	23.82	28.58	23.51	–
In-force escalations	%	7.52	7.72	7.43	7.47	–

Property name	Location	Sector	Gross lettable area m ²	Vacant area m ²	Average gross rental per m ² in period	Value 29 February 2024 R'000
Mega Park	Bellville	Industrial	86 195	4 964	55	549 000
Sable Square Shopping Centre	Milnerton	Retail	31 111	3 054	140	478 000
2 Long Street	Cape Town	Commercial	25 247	4 768	159	472 600
Liberty Life Building	Century City	Commercial	18 244	–	185	400 000
Northgate Park	Brooklyn	Commercial	16 981	2 060	155	306 000

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

Efficient operational areas, ample yard space, solar PV installations, and strategic locations connecting to major routes within Cape Town characterise Spear's industrial assets. The trend of onshoring, local manufacturing and mitigation of supply chain disruptions have boded well for Spear as tenant demand in these areas has grown, driving rental growth, occupancy growth and lease term improvements.

Of note, within the industrial sector was the acquisition of the fully let 21 000m² The Island Urban Logistics Park in Paarden Eiland and the commencement of the Phase 1 bulk infrastructure work on GTX Park, George which will, in time, add an additional 30 000m² of high-quality industrial GLA to the Spear portfolio. The industrial portfolio maintains a robust collection profile, with 98% of rentals collected and no tenant failure occurring in the year. We are also able to report 103 554m² of industrial GLA renewed and relet during the period at an average positive rental reversion rate of 6.12%.

Retail

Spear's retail assets continue to deliver forecast-aligned outcomes and performance remains within management's expectations despite the pressures on consumers as result of high interest rates and cost-price inflation remaining high. Management will seek out retail growth opportunities as and when investment-grade opportunities present itself and meet Spear's investment criteria. Spear's retail investment strategy will remain aligned with convenience and destination retail real estate assets that cater to diverse LSM groups.

Spear's retail assets continued to perform consistently at high occupancy rates of 95.54% during FY2024, generating consistent cash flows. In FY2024, 12 227m² of retail GLA was renewed and relet, which resulted in a positive rental reversion of 11.03%, and strong in-force average escalations of 7.47%. Spear's retail portfolio remains defensively positioned, in both location and tenant mix composition, in a trading environment where tenant credit risk may be more prevalent. 41% of Spear's retail portfolio by GLA is occupied by national tenants on long-dated leases, with excellent payment records. It is worth noting that Pick n Pay accounts for 0.93% of total GLA and 1.32% of contractual rental for the group.

Commercial

During FY2024, slower than anticipated progress was made in vacancy contraction within the commercial office sub-sector, however, letting momentum has improved since period end. Despite this, occupancy levels were at 84.37% at year-end. The total office area vacated or expired at the end of February 2024 was 36 096m² of which 37 602 m² has been relet, effective immediately, at (4.67%) gross rental reversion. Management is confident that the higher-than-normal Spear office vacancy percentage is transitory in nature and will not be maintained in the short to medium term, given the shortage of supply in quality occupier spaces in Cape Town.

Letting activity within the commercial portfolio has remained consistent and encouraging, with additional inroads being made into office vacancies at No. 2 Long Street, Northgate Corporate Office Park, and Sable Square. No. 1 Waterhouse (Century City), Bloemhof (Tygervalley), Omnipark (Tygervalley) and Liberty Life (Century City) are all fully-let office buildings.

Spear's commercial assets are all located in sought-after locations, are fitted with sufficient back-up power generation capacity, have generous parking ratios and are positioned to the market with attractive lease terms, which have been key drivers of the increased letting momentum.

Outside of the large occupier demand, Spear's commercial portfolio remains well positioned to benefit from the resurgence of office occupancy and the positive effects of semigration and localisation, as small- and medium-scale occupiers return to the office leasing market, with notable leasing deals recently concluded at No. 2 Long Street and Sable Square.

Receivables

Despite the challenges posed by a tough economic climate with rising costs, the management of debtors and receivables has shown improvement throughout the year. By year-end, all receivables accounted for less than 4% of total turnover (excluding smoothing), reflecting commendable efforts by the debtors team to enhance Spear's recovery rates and overall portfolio collection performance.

Tenant arrears at year-end totalled R23.6 million excluding VAT, with arrears specifically for FY2024 amounting to R16 million excluding VAT. A total provision for bad debt of R2.3 million was established by year-end, representing 10% of the total tenant arrears. As at 28 March 2024, arrears relating to FY2024 reduced to R9 million excluding VAT. The company maintains vigorous credit risk measures, including provisions for debtors outstanding over 120 days. This ensures prudent management across its operations.

Capital allocation and investment strategy

"The successful execution of Spear's capital allocation strategy has continued to add deep value to the overall health of the core portfolio and general business performance. Spear's capital is managed with a clear strategic vision, acknowledging the importance of capital allocation in developing and expanding a high-quality and attractive real estate portfolio." Quintin Rossi, CEO

Spear acquired R185 million in new assets during FY2024:

- The Island Urban Logistics Park, Paarden Eiland: R185 million at an initial yield of 9.75% on transfer.

Spear disposed of R37 million worth of assets during FY2024. The disposals were aligned with Spear's strategy to divest non-core assets to bolster the balance sheet and create a passageway for Spear to take advantage of market opportunities where applicable.

Spear initiated the Phase 1 bulk infrastructure work on GTX Park in George at an initial cost of R40 million.



CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

Spear maintained its share repurchase programme during the year as a function of the group's capital allocation strategy, particularly when the share price was trading at a significant discount to net asset value ("NAV"):

- Total shares repurchased since the repurchase strategy was initiated and held in treasury: 22.3 million, which equates to 7.9% of issued shares.

During FY2024, management, in line with the authority granted at the last Spear AGM, repurchased the following Spear REIT Limited shares:

- Total shares bought back since last AGM: 1.9 million, which equates to 0.67% of issued shares bought back since the last AGM.

Strategically, management will continue to evaluate capital recycling opportunities within the core portfolio, with a view that asset disposals are always linked to shareholder value and return potential.

Any future equity raised or disposal proceeds generated will be redeployed in line with Spear's capital allocation strategy, which would feature acquisitions, developments, core portfolio capital investment and potential future share buybacks.

Real estate is the business of local markets, and we believe that a concentrated and localised approach provides relief from several of the headwinds being faced in the real estate sector in South Africa. We believe that, in our focused regional approach, we have the ability and skillset to continue to invest, develop and redevelop across four key asset types, namely:

- Industrial, Retail, Commercial and Mixed -Use, with a future strategy to expand our investment universe into:
 - Data Centres and Life Sciences & Medical.

All things being considered, we adopt a block-by-block approach to our regional strategy, starting with tenancy aspects, operating aspects, and our growth aspects. The ultimate challenge is to know which block to place where and at what cost or return. Notably, some blocks (asset type or development) take preference, dependent on where in the real estate cycle we find ourselves.

Balance sheet management

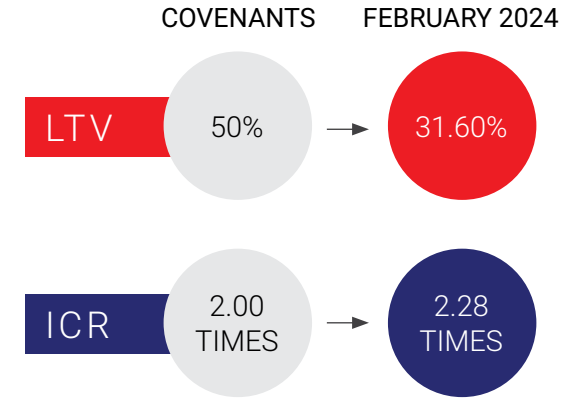
Spear's robust balance sheet has been a cornerstone of strength, positioning the business towards achievement of its objectives. Management maintains a clear focus on factors affecting day-to-day operations within the operating business, and both internal and external risk management. Spear's hedging policy targets 65% – 75% of debt hedged for up to 36 months, adapting to where we find ourselves in the interest rate cycle. At year-end, just on 50% of group debt was defensively hedged for 18 months. While the latter is below Spear's hedging policy cost to hedge, as the interest rate cycle peaks, would have been purely for optics and would have unnecessarily eroded profits.

Management actively evaluates hedging options to control interest rate exposure opportunistically. Few hedging opportunities arose during the year due to the steep swap curve, leading to the use of asset disposal proceeds to accretively settle variable debt.

Looking ahead, the hedged percentage will increase to within the 65% – 75% range post the transfer of the Liberty Life Building. Spear's debt portfolio remains actively managed by giving management the tools required to execute on market opportunities when the need arises. Spear's average debt maturity is 30 months with no imminent refinancing concerns.

During FY2024, R391 million of gross debt was refinanced, and R298 million settled, reflecting proactive debt portfolio management amid the peaked but higher-for-longer interest rate environment.

Group covenants



Financial review

Aligned with the real estate sector best practice guidelines, a simplified reconciliation has been provided for distribution to make the financial statements even more understandable to the cash-based basis of reporting operating results. The latter is relevant in the context of the payment of distributions to our shareholders. The simplified statements do not comply with International Financial Reporting Standards ("IFRS"). Please refer to the five-year summary on page 6.

ESG – People, Planet, Profit

As a collective we acknowledge the pivotal role of Environmental, Social and Governance ("ESG") elements in fostering long-term sustainable growth, profitability and value creation. Spear remains committed to the authentic implementation of a measurable ESG strategy, spanning across our objectives, business operations and daily decision-making processes.

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

"The deep connection that we believe exists between real estate value creation and sustainability drives us as a management team to prioritise environmental impact, asset quality, and the holistic well-being and continued growth of our Spear team. This alignment seamlessly reflects our mission, vision and culture as a dynamic, entrepreneurial and socially aware company." - Quintin Rossi, CEO

FY2024 saw the scaling of Spear's renewable energy strategy as the fight for energy security intensified. During the year, 2.15MW was added to Spear's solar PV arsenal with a further three new systems in the planning phase and a three solar PV wheeling projects in feasibility phase.

Spear's investment and capital allocation strategies are predicated upon making responsible investments that will yield broader-based benefits and financial outcomes to our planet and society.

Spear leverages key performance indicators ("KPIs") and benchmarks to gauge our ESG performance, monitor progress and drive continuous improvement. These performance metrics are built around energy efficiency, water augmentation solutions, social responsibility, and ethical governance practices.

Spear remains committed to owning real estate assets that have a minimal impact on the environment. This commitment requires us to focus on placing less reliance on fossil fuel-generated energy supplies and executing on our water augmentation strategy, which includes greywater systems and reverse osmosis technology for sanitation and irrigation purposes across the diversified portfolio.

Spear's social responsibility initiatives are measurable and multi-pronged, characterised by strong partnerships with "change-making" organisations in the Western Cape. These partnerships are aimed at positively impacting the futures of the less fortunate and forgotten in our society. Spear's partnerships with various NGOs, NPOs and education institutions are geared towards building up the next generation of leaders in our beautiful country of South Africa, supporting those battling addiction, providing

resources to those caring for abandoned infants, and offering educational opportunities to the underprivileged.

Group-wide, a firm commitment has been made to the following ESG-focused outcomes as disclosed in the detailed sustainability report on pages 32 to 34.



Educational empowerment through leveraging our ESG strategy via Spear's bursary programme



Reduce Spear's **carbon footprint** over time



Reduce operating costs where possible through Spear's focused ESG strategy



Investment into **return-generating real estate and value-add solutions** such as solar PV and water augmentation solutions



Deliver **sustainable portfolio returns**



27 JUNCTION ROAD, PAROW



CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

Outlook

Despite the Western Cape's commendable performance across various sectors, South Africa still faces significant macroeconomic challenges. To tackle the national unemployment rate, both private and public sectors must prioritise job creation and investment, to stimulate GDP growth. Issues within the national logistics ecosystem, particularly in ports and rail networks, hinder growth and contribute to inflation.

Nevertheless, progress is evident, especially in the Western Cape, where efforts to mitigate loadshedding effects and improve the Cape Metro rail network are underway. The province has notably reduced its unemployment rate and leads in job growth compared to other provinces in South Africa.

Encouraging signs such as semigration and the recovery of the tourism sector in the Western Cape indicate promising prospects for the region and further underpin Spear's strong investment case for the Western Cape.

The increased demand for space solutions across Spear's portfolio, driven by the expansion of residential areas and mixed-use precincts, is poised to stimulate economic investment and development in the Western Cape. This influx of capital into the local economy will result in a cascading effect across the real estate landscape. This trend underscores the province's appeal as an investment opportunity, supported by a reliable municipal infrastructure.

Despite these opportunities, the trading environment will remain challenging, with consumers contending with increased living costs. However, the prospect of an interest rate tapering cycle in the second half of 2024 offers optimism for both the South African economy and the real estate sector. Lower financing costs, combined with stronger portfolio escalations, would have the effect of enhanced profitability for Spear.

In FY2025, heightened asset management and property management initiatives will be essential to offset macroeconomic pressures and address the absence of real growth pressures. As a collective "the Business" will maintain a highly strategic and focused approach to cost controls, asset management and leasing management to unlock value in the current suppressed trading environment. We are cautiously optimistic that FY2025 will be another year that delivers on our mission statement and aligned outcomes for Spear's stakeholders. We remain confident that Spear is well positioned to take advantage of growth opportunities as it presents itself over the course of the year.

Guidance FY2025

The macroeconomic climate remains extremely challenging despite the stronger performance of the Western Cape in various sectors of the economy. Management expects the portfolio to generate growth in the year ahead, the extent of which is difficult to quantify at this point in time given in particular the higher-for-longer interest rate environment and the impact of loadshedding in South Africa, which are drivers of among other things, cost cutting and inflation. Management will provide an update on its FY2025 DIPS guidance in its quarterly updates during the year.

Spear's guidance will be informed and impacted by the following:

- Loadshedding is mostly limited to between stage 1 and stage 4 in the City of Cape Town
- The SA Reserve Bank commences interest rate cuts from Q2 FY2025 of up to 75 bps for the full financial year
- Vacancies are reduced in line with management's forecast
- Lease renewals are concluded per management's forecast
- No major tenant failures occur during the year
- Tenants continue to successfully absorb rising costs

associated with utility charges, municipal rates and diesel charges

- No civil unrest within Cape Town, the Western Cape or South Africa

Any changes in the above assumptions and qualifications may affect the forecast and have not been reviewed by Spear's auditors. The information and opinions contained above are expressed in good faith and based upon reliable information provided to management at the time of making the above statements. No representation, warranty, undertaking or guarantee of whatsoever nature is made or given regarding the accuracy and/or completeness of such information and/or the correctness of such opinions.

Governance

Spear upholds the utmost standards of corporate governance, with the board taking a proactive and involved approach to overseeing governance functions.

Management and the board are dedicated to aligning with principles that foster a healthy corporate governance culture, which provides shareholders with certainty and assurance at all times.



CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED



Gratitude

Reflecting on the year in review I am overwhelmed with gratitude towards every single human that played a role in Spear during FY2024. Spear's real estate assets, intellectual property and balance sheets are but only some of the essential ingredients required to deliver credible, consistent, and predictable operational results. I firmly believe that our secret sauce lies in our people – individuals with real skin in the game, driven by emotion and heart. I salute each and every one of you and express my gratitude for your dedication and the heavy-lifting in FY2024 and for your commitment to Spear's mission.

The individuals within Spear, those we engage in business with presently, and those we anticipate collaborating with in the future, are among our most valuable assets. The real estate sector offers the distinct ability to foster collaboration and create the type of value very rarely seen in other industries. We take immense pride in the high-quality, diverse and regionally-focused portfolio we have diligently curated over time. We are proud of the countless individuals, businesses, and organisations we have accommodated within it and the many more we will welcome into the future as our growth objectives are achieved.

The FY2024 results reaffirm the entrepreneurial flair and rationale of Spear's operating strategy, the robust performance of our core portfolio, our hands-on asset management approach, all in line with our Western Cape-only investment approach.

I extend heartfelt gratitude to our Chairman, Mr Abu Varachhia, and the board for their unwavering guidance, support, and wisdom throughout FY2024. To our multi-talented team at Spear and my esteemed Executive Team, thank you for your steadfast dedication to Spear's mission and the consistent execution of our operating strategy. To our tenants, we express our appreciation for continuously choosing Spear. A final acknowledgement goes to the individuals within the public service of the Western Cape Provincial Government, the City of Cape Town and the Municipality of George for their tireless efforts in delivering quality service and investing in infrastructure – your contributions are instrumental to Spear's success, and we are proud to be associated with men and women who choose to build a better future for all.

As a nation, South Africa faces many challenges, but the onus is firmly upon us all to find means and ways to foster greater social cohesions, empower the less fortunate and prepare the next generation to lead us into our greatest years! Let us live by this African proverb: **"If you want to go fast, go alone, if you want to go far, go together"** – in our togetherness we grow and become a large tree providing shade to many.

I savour the fact that I have the privilege to be a cog in the wheel of an amazing organisation that is truly built to last. Leading the team at Spear consistently energises, challenges and teaches me many wonderful things about how the golden thread of business is interwoven into the tapestry of life. My commitment to Spear and the mission remains firm and secure – *et deinceps*.

Sincerely,

Quintin Michael Rossi
Chief Executive Officer

17 May 2024

2 LONG STREET, CAPE TOWN



TOP 5 PROPERTIES BY VALUE



2 LONG STREET, CAPE TOWN

COMMERCIAL
Sector

R473m
Value

25 247m²
GLA

10.21%
Total Value

R18 719/m²
Valuation





BOARD OF DIRECTORS

Executive directors


Non-executive directors



**QUINTIN
MICHAEL
ROSSI**

Chief Executive Officer
BA (Law) PGDEM
Aged 43
Appointed to the board on
18 November 2015


●◇



**ABUBAKER
VARACHHIA**

Chairman
BSc (QS) (UCT)
Aged 65
Appointed to the board on
19 April 2016

●○



**JALALOODIEN
EBRAHIM
ALLIE**

**Lead Independent
Non-executive Director**
BCompt (Hons) (Unisa)
Aged 67
Appointed to the board on
20 July 2016


△○*#



**CHRISTIAAN
BARNARD**

Chief Financial Officer
CA(SA) (US)
Aged 35
Appointed to the board on
20 July 2016


●



**MIKE NAFTALI
FLAX**

Deputy Chairman
BCom, GDA, CA(SA), FCMA
Aged 59
Appointed to the board on
19 April 2016

●



**BRIAN LEON
GOLDBERG**

BA, LLB (UCT)
Aged 60
Appointed to the board on
20 July 2016

△●*◇#



BONGANI RAZIYA

BA, BProc, LLB (WSU)
Aged 64
Appointed to the board on 8 February 2023
▲●○○◇#



DR ROZETT LUCILLE PHILLIPS

MBChB (UCT), MBA (UCT),
Postgraduate Diploma in Futures Studies (US)
Aged 54
Appointed to the board on 16 July 2018
◇#



CORMACK SEAN MCCARTHY

Aged 58
Appointed to the board on 28 June 2017
●*

Executive management

- | | |
|---|---------------------------------|
| Quintin Michael Rossi [●] | Chief Executive Officer |
| Christiaan Barnard [●] | Chief Financial Officer |
| Cliff Toerien | Chief Operating Officer |
| Kim Pfaff-Karg | Chief Investment Officer |

Committee key

- | | |
|-------------------------------|-------------------------|
| ▲ Audit and risk committee | ● Investment committee |
| ○ Remuneration committee | * Nominations committee |
| ◇ Social and ethics committee | # Independent |

Curricula vitae

Abubaker Varachhia, Aged 65

Abu has been involved in major property transactions and has initiated multi-million Rand property development projects throughout South Africa. Abu served as a director on the board of the JSE-listed property fund Spearhead Property Holdings Limited and Ingenuity Property Investments Limited. Abu has extensive experience in property development and his skill in this regard along with his ability to find value in potential portfolio re-developments will be invaluable to the future of the business.

Jalaloodien Ebrahim Allie, Aged 67

Jalal has been involved in the real estate sector for over 25 years. Jalal joined Seeff Trust (Pty) Ltd, the forerunner to Spearhead Property Holdings, in 1993 as the Financial Manager after leaving PKF Chartered Accountants and Auditors. Early 1999 he was appointed Chief Financial Officer and Company Secretary of the newly listed Spearhead Property Holdings Limited, which he founded together with Deputy Chairman Mike Flax.

Dr. Rozett Lucille Phillips, Aged 54

Roze is an African Futurist, adjunct faculty, associate at the Centre for Business Ethics and non-executive director at GIBS Business School. In addition to her role as non-executive director at Spear REIT, Roze also serves as non-executive director and Social and Ethics committee chairperson for Netcare Limited.

Roze has worked as a medical doctor as well as a Public Health scientist at the SA Medical Research Council and as the Group Executive of People and Culture for The Absa Group. Over 18 years of Roze's professional career was spent at Accenture Africa where she held various leadership positions from Consumer Industry lead, Management (including Human Capital) Consulting lead, Innovation lead and Board member.

Roze is a passionate African Futurist and in addition to her non-executive director responsibilities and her work at GIBS, she practices as an African Futurist and Advisor on the Future of Work through her company Abundance at Work (Pty) Ltd. She is a frequent public speaker, expert panel member, guest lecturer and writer on the topics of Leadership for the Future, The Future of Work, The Workforce of the Future, Human Capital Management Trends and New Skills Now.

In 2021, Roze joined other South African business leaders to publish a book about lessons in Leadership titled 'The Book Every Leader Needs to Read'.



CORPORATE GOVERNANCE REPORT

The board of directors is committed to upholding good ethical standards and the application of corporate governance principles in accordance with the King IV Report on Corporate Governance™ for South Africa, 2016 (“King IV™”).

Introduction

Spear ascribes to the recommended practices of King IV™ in which the board of directors is committed to ensuring that the governance structure in the group cultivates good governance outcomes in relation to its ethical culture, performance, effective control, and legitimacy. A high-level King IV™ principles disclosure and a full governance report outlining Spear’s governance framework are available on our website (www.spearprop.co.za).

Non-binding advisory vote on the remuneration policy and implementation report

A separate remuneration policy and implementation report have been tabled on pages 37 and 44 respectively, which will be subject to a non-binding advisory vote by the shareholders at the forthcoming annual general meeting (“AGM”) being held on 31 July 2024. In the event that 25% or more of the shareholders vote against either, details regarding the manner and timing of such engagement will be specified in the voting results. We welcome shareholders to engage with us on the remuneration policy and implementation report.

Board of directors

The board provides leadership and determines the strategic objectives of the group and acts as the custodian of Spear’s corporate governance framework. The board is supported by five committees and delegates the responsibility of running the business to its executives. The board monitors the implementation of its strategies, decisions and key policies and is satisfied that it has fulfilled its responsibilities required by its mandate this year.

Balance of power

In accordance with the Spear board charter, there is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Composition of the board

The board comprises of nine directors, of whom seven are non-executive and two are executive directors. Of the non-executive directors, four (57%) are independent. The board members have a diverse range of qualifications and experience which enables them to contribute meaningfully to the group. The board is satisfied with the depth of the collective experience of the non-executive directors and that there is sufficient independence of minds on the board.

Appointments to the board and broader diversification

In accordance with Spear’s board charter, appointment of non-executive directors’ policy and the JSE Listings Requirements, Spear has adopted a policy with regard to broader diversification.

With the assistance of the nominations committee, the board sets its broader diversification targets and monitors its composition in this regard. The board is committed to ensuring that key regard is given to broader diversification for all future appointments to the board to facilitate an appropriately diverse board, including a relevant range of expertise, experience, industry knowledge, age, gender, race, and culture.

All appointments to the board follow a formal and transparent procedure and are subject to shareholder approval. In this regard, the board, with the assistance of the nominations committee, has set the following broader diversity targets for FY2023/24:

	FY2023/24 Target %	Actual %
Race diversity	40	44.44
Gender	20	11.11

The board reviewed the role and responsibilities assigned to the Chairman and the lead independent director during the year under review. The shareholders approved the reappointment of Mr. MN Flax, Mr. BL Goldberg, Mr. JE Allie and Mr. SC McCarthy, who had retired and made themselves available for re-election at the annual general meeting held on 30 June 2023.

Furthermore, at the annual general meeting held on 30 June 2023, the shareholders confirmed the appointment of Mr. B Raziya as an independent non-executive director with effect from 8 February 2023.

Conflicts of interest

Directors are required to declare their personal financial interests and those of related persons in contracts with the group. A register in this regard is maintained and reviewed at each board meeting. Directors are further asked to recuse themselves from any discussions and decisions where they have a material financial interest.

Directors are not involved in decisions where they have a conflict of interest or a material personal interest. The Company Secretary further monitors potential conflicts that may arise and informs the board thereof.

Independent advice

The board, board committees and individual directors may seek external advice at the company’s expense and, if appropriate, the advice may be made available to other directors.

CORPORATE GOVERNANCE REPORT CONTINUED

Board meetings

The board met four times during the year under review and will meet at least four times per year each financial year and more often if circumstances require. The table below sets out the board and board committee meetings held and attendance during the reporting period.

	Board meetings	Audit and risk committee	Investment committee	Remuneration committee	Social and ethics committee	Nomination committee
Abu Varachhia	3/4	–	3/3	2/2	–	–
Mike Flax	4/4	–	3/3	–	–	–
Quintin Rossi ¹	4/4	–	3/3	–	2/2	–
Christiaan Barnard ¹	4/4	–	3/3	–	–	–
Jalal Allie ²	4/4	3/3	–	2/2	–	2/2
Brian Goldberg ²	4/4	3/3	3/3	–	2/2	2/2
Bongani Raziya ^{2,3}	4/4	3/3	–	2/2	2/2	–
Sean McCarthy	4/4	–	3/3	–	–	2/2
Roze Phillips (Dr.)	4/4	–	–	–	2/2	–

¹ Executive director ² Independent ³ Not a committee member

Chairman and Chief Executive Officer

The roles of the Chairman of the board and the Chief Executive Officer are separated and clearly defined. As a result of the Chairman being a non-executive director who is not independent, a lead independent non-executive director has been appointed.

The Chief Executive Officer is responsible for the day-to-day management of the group and implementation of the strategy and objectives adopted by the board. He is assisted by the one other executive director, two public officers and members of senior staff.

With the assistance of the lead independent non-executive director, the Chairman of the board manages the relationship between the board, the Chief Executive Officer, and the various board committees. He sets the agendas for the board meetings and ensures that adequate time is devoted to developing the group's strategy.

CEO and senior executive performance

The board with the assistance of the remuneration committee reviews the performance of the Chief Executive Officer, Chief Financial Officer and senior executives and approves their remuneration.

Statement of compliance

In accordance with the JSE Listings Requirements, the group has applied the principles and recommendations of King IV™. Furthermore, the directors of the company confirm that there were no contraventions, material non-compliances, fines or penalties reported in relation to all applicable laws and regulations for the period under review, which included laws of establishment and Spear's Memorandum of Incorporation.

Board committees

The board acknowledges that overall responsibility for managing the group rests with the board as a whole. To assist it in fulfilling its responsibilities, the board delegates some of its functional responsibilities to its committees by means of clearly defined mandates. The committees report to the board on their deliverables in accordance with their board-approved terms of references on a continual basis.



34 MARINE,
PAARDEN EILAND



Composition of the committees

The members of the board committees are as set out in the table below.

Audit and risk committee	Investment committee	Remuneration committee	Social and ethics committee	Nominations committee
Jalal Allie (Chair)	Brian Goldberg (Chair)	Jalal Allie (Chair)	Roze Phillips (Dr.) (Chair)	Jalal Allie (Chair)
Brian Goldberg	Abu Varachhia	Bongani Raziya	Quintin Rossi	Brian Goldberg
Bongani Raziya	Mike Flax	Abu Varachhia	Brian Goldberg	Sean McCarthy
	Bongani Raziya		Bongani Raziya	
	Quintin Rossi			
	Christiaan Barnard			
	Sean McCarthy			

Audit and risk committee

The audit and risk committee acts in compliance with section 94(7) of the Companies Act, No. 71 of 2008, as amended (the "Companies Act"), as well as ensures that there is an effective risk management framework in place and that emerging risks are identified and managed. The non-statutory duties include assisting the board with discharging its duties relating to the effectiveness of the control environment; review and preparation of adequate financial reporting; review and preparation of the integrated report; ensuring the financial integrity of the annual financial statements; monitoring of compliance with applicable laws and regulations; and nominations for the appointment, removal and replacement of the external auditor, which includes the review of the independence of the external auditor.

The committee comprises of three independent non-executive directors. The chairman of the committee is Mr. JE Allie.

Investment committee

The investment committee assists the board in evaluating proposed transactions, which include material acquisitions, mergers and disposals, and makes recommendations to the board in this regard. The committee also assists and advises the executive team on such transactions.

The committee comprises of five non-executive directors of whom two are independent and two are executive directors. The chairman of the committee is Mr. BL Goldberg.

Remuneration committee

The remuneration committee ensures that the group adopts remuneration policies that are fair, transparent and enables the attraction and retention of vital talent that contributes to the achievement of the group's short-, medium- and long-term objectives. The committee is also responsible for ensuring that the remuneration policies are fair and responsible and that succession planning for the executive management team is in place.

The committee comprises of three non-executive directors of whom two members are independent. The chairman of the committee is Mr. JE Allie.

Social and ethics committee

The social and ethics committee acts in compliance with section 72 and regulation 43 of the Companies Act. The committee monitors the group's activities with regard to ethics, social and economic development, good corporate citizenship, customer relations, environment, health and public safety, broad-based black economic empowerment, labour and employee engagement and compliance with applicable laws and regulations.

The committee comprises of three independent non-executive directors and one executive director. The chairperson of the committee is Dr. RL Phillips.

Nominations committee

The nominations committee's responsibilities are to assist the board in reviewing its size and composition annually in the context of the group's strategy, evaluating the effectiveness of the board, board committees and Company Secretary, identifying and nominating board candidates and succession planning for board members. The board has adopted a gender and race diversification policy. The nominations committee will continue to discuss and annually agree on measurable targets for achieving racial and gender diversity on the board.

The committee comprises of four non-executive directors of whom three are independent. The chairman of the committee is Mr. JE Allie.

Company Secretary

The Company Secretary is responsible for providing the board with guidance on discharging its responsibilities in terms of legislation and regulatory requirements and coordinating the functioning of the board and its committees.

The board has reviewed the qualifications, experience and competence of Ms. RC Stober and is of the opinion that the Company Secretary is suitably qualified and experienced to carry out her duties as stipulated under Section 84 of the Companies Act with unencumbered access to the board. The board is further satisfied that the Company Secretary has performed all formalities and substantive duties timeously and in an appropriate manner and that an arm's length relationship between the Company Secretary and the board exists.

TOP 5 PROPERTIES BY VALUE



LIBERTY LIFE BUILDING, CENTURY CITY

COMMERCIAL
Sector

R400m
Value

18 244m²
GLA

8.64%
Total Value

R21 925/m²
Valuation





Report of the

SOCIAL AND ETHICS COMMITTEE

Composition and attendance of meetings

The composition of the committee and attendance of meetings are set out on pages 27 and 28.

Key role, functions, and responsibilities

The role, functions and responsibilities of the committee are prescribed by the Companies Act, No. 71 of 2008 (the "Companies Act"), as detailed in the committee's terms of reference which are reviewed by the Board annually.

In executing its duties, the committee is responsible for monitoring and overseeing the following functions:



Ethics



Social and economic development



Good corporate citizenship



Customer relations



Environment, health and public safety



Broad-based black economic empowerment



Labour and employee engagement



Compliance with applicable laws and regulations

Highlights and activities of FY2024

Introduction

The Spear group has consistently sought to align its business with the principles and recommended practices of the King IV™. The group remains guided by the JSE Sustainability Disclosure Guidance, JSE Climate Change Disclosure Guidance as well as other applicable laws and regulations.

Organisational-wide ethics

During the year under review, Spear remained committed to embedding organisational-wide ethics in accordance with Spear's board charter, Employee Hand Guide and Code of Business Ethics and Conduct as well as ethics-related policies to foster a good ethical culture in the group. In this regard, Spear continues to monitor its anonymous tip-off line to identify and address areas of concern and implement ethics-awareness campaigns. No areas of concern were reported during the year under review.

Furthermore, Spear continued to address conflicts of interest throughout the group, which included the monitoring of gifts received and/or entertainment exchanged to ensure responsible and ethical business practices throughout the group. In this regard, the committee reviewed the applicable gifting thresholds and reporting structure during the year under review.

Corporate citizenship

During the year under review and in accordance with Spear's compliance monitoring framework policy, key emphasis was placed on Spear's corporate compliance programme to monitor Spear's activities while having regard to relevant legislation and prevailing codes of best practice. Spear ensured that relevant policies and processes to combat bribery and corruption were implemented and monitored. There were no incidences of bribery and corruption reported during the year under review.

Furthermore, there were no significant environmental, social and/or governance-related incidents during the reporting period, including incidents of legal non-compliance (whether under investigation, pending finalisation, or finalised) and directives, compliance notices, warnings or investigations, and any public controversies during FY2024.

Bursary programme

In line with Spear's commitment to advancing women in the real estate sector, Spear continued its bursary programme with the sponsoring of one historically disadvantaged individual's Bachelor of Commerce in Accounting studies. The above beneficiary is currently an employee of the group and her studies will largely benefit the group going forward.

Furthermore, Spear donated funds to the Women's Property Network Educational Trust, an organisation that assists individuals with property studies. Spear also continued to contribute towards the studies and training programmes for various staff members which include historically disadvantaged individuals.

CSI programme

During the year, Spear donated funds to various non-profit organisations such as Home of Hope, View Justice, Hope Empowerment NPO and Bonginkosi Educare. Furthermore, Spear provided Home of Hope with groceries and extensive repairs and maintenance to their property. All the above-mentioned organisations are doing incredible work in their respective communities, and it is management's intention to build a closer relationship with them through our CSI programme.

Furthermore, no financial and in-kind political contributions were made directly or indirectly during FY2024.





REPORT OF THE SOCIAL AND ETHICS COMMITTEE CONTINUED

Environment, health, and public safety

The committee continued to monitor environmental, health and safety aspects in accordance with the short-, medium- and long-term strategy of the group. Our environmental strategy remains focused on facilitating the reduction of our environmental footprint while maintaining a positive effect on asset values.

Sustainability key performance indicators (KPIs)

During the year under review, Spear had entered its first sustainability-linked bond with Standard Bank Corporate and Investment Banking. This bond is linked to KPIs and by achieving these KPIs annually, Spear will receive the benefit of a reduced interest rate over the duration of the loan facility. The two KPIs that Spear agreed to was B-BBEE procurement from all qualifying suppliers and increasing our solar energy generation penetration rate over total portfolio power usage.

Climate

The committee has been assigned responsibility of having oversight of Spear's environmental and climate-related risks and assessing these risks and opportunities identified by management. In this regard, the committee continued to monitor the management of the Spear's carbon emissions as well as its water continuity and solar PV initiatives across its portfolio. Further details are outlined in the Sustainability Report on pages 32 to 34 of the integrated report.

Broad-based black economic empowerment (B-BBEE)

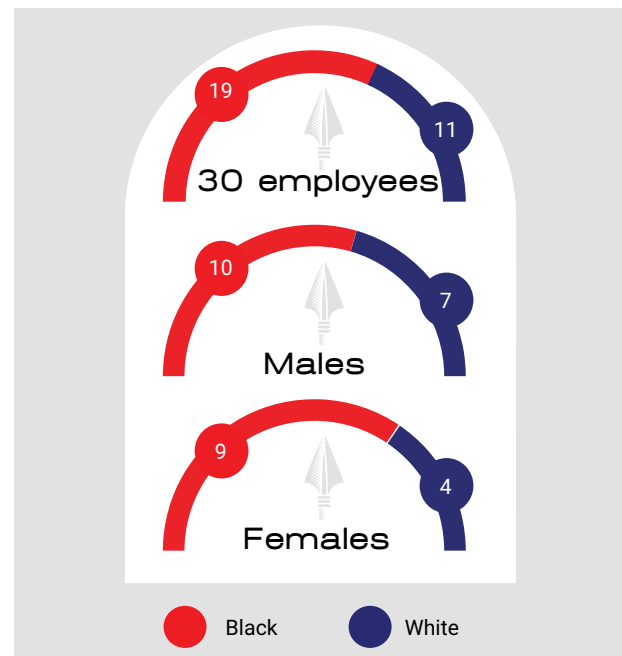
During the year under review, key emphasis was placed on the progress made with regard to the group's transformation activities. Spear remained committed to improving its B-BBEE contributor status with key focus on achieving its skills development, employment equity, management control and socio-economic development targets. In this regard, Spear utilised the services of an independent consultant to assist the company in achieving these targets in which significant inroads were made during the year under review.

In terms of employment equity and skills development, the committee continued to monitor progress against its targets in relation to Spear's employment equity and skills development plans

in accordance with the short-, medium- and long-term strategy of Spear, including the barriers identified during FY2023 considering the recent promulgation of the Employment Equity Amendment Act, No. 4 of 2002.

During FY2024, Spear had achieved its employment equity targets in accordance with the company's medium-term strategy and key emphasis was placed on the employment of black females in leadership roles.

The graph below illustrates Spear's current workforce profile:



During FY2023, and with the assistance of Spear's training committee, a detailed training plan was adopted in which the group's employees gained access to various training courses and programmes funded by Spear. Spear is committed to ensuring that its employees are empowered through education and skills development via the implementation of its training plan.

Spear has set itself a target to achieve a B-BBEE rating in FY2025 through various initiatives that it has implemented.

Labour and employee engagement

During FY2024, the committee reviewed the outcomes of the plans implemented to ensure compliance with labour legislation in furtherance of Spear's objectives of promoting equality, preventing discrimination, and creating decent employment. Key emphasis was placed on employees' physical and emotional wellbeing and in this regard a successful wellness day was hosted. Furthermore, no allegations and confirmed incidents of discrimination and/or human rights incidents relating to employees occurred during the reporting period.

Conclusion

During the period under review, the committee has discharged its responsibilities appropriately. Management has confirmed that there has been no material non-compliance with legislation or regulations that are within the remit of the committee's mandate. In addition, there were no infringements of the relevant governance codes that were reported, which included Spear's laws of establishment and Memorandum of Incorporation. Therefore, the committee has fulfilled its mandate as prescribed by the Companies Act Regulations and there were no instances of material non-compliance to disclose.

The committee recognises that as the group grows its asset base and employee component, the monitoring of compliance with the relevant social, ethical, and legal requirements and best practice codes will play an ever-greater part in its long-term sustainability and setting its ethical culture.

R. Phillips

Dr. Rozett Lucille Phillips
Chairperson: Social and ethics committee

17 May 2024



SUSTAINABILITY REPORT

Sustainability reporting combines economic performance with social responsibility and environmental care. It aims to help businesses set goals. It also measures performance and manages change towards sustainability. In commerce, sustainability is often defined with reference to the “triple bottom line” concept. This concept encourages the measurement of sustainability with reference to financial, social and environmental aspects. Spear strongly believes that for a company to prosper over the long term, it must create value for society as well as for shareholders through its 3Ps (People, Planet, Profit) approach to sustainability.

Guided by our focus of acquiring high-quality real estate in key Western Cape nodes, we seek to be a positive influence in all our core businesses and in each of the societies in which we operate. We do this by empowering communities through job creation, focusing on education in previously disadvantaged communities, building supplier and enterprise development partnerships and leveraging the value in our diverse employee and stakeholder base. We recognise the challenges that climate change presents to the South African economy, and we will consider supporting any meaningful activity that reduces the negative impact on our planet.


The financial elements of our business have been dealt with extensively throughout this integrated report and this report therefore focuses primarily on the remaining two elements of sustainability.

Sustainability at Spear is focused on three key elements:




People

- Focusing on attracting and developing a strong, capable, and diverse workforce to innovate and attract top talent, improve their tenant orientation, enhance employee satisfaction, and access wider-ranging networks
- Creating a work environment and society free from discrimination
- Uplifting employees through opportunities to access ongoing training and education
- Supporting local communities through promotion of education
- Promoting entrepreneurship through focused supplier and enterprise development
- Ensuring the remuneration of employees translates into long-term value creation while taking into account Spear’s economic, environmental and social objectives



Planet

- Introducing systems to ensure water usage is limited and not fully reliable on municipal supply and providing our buildings with sufficient potable and non-potable water for daily use obtained from sustainable sources
- Implementing systems to make use of renewable energy to reduce the carbon footprint of the company
- Creating a safe and healthy workplace and reducing the environmental footprint of our business
- Incorporating environmental consciousness into all business activities



Profit

- Building a sustainable business model to position the group’s long-term growth and stability
- Maintaining a strong focus on property fundamentals to ensure that we remain true to our core business
- Identifying potential macro-economic risks and effectively hedging negative exposures



SUSTAINABILITY REPORT CONTINUED

People

Human capital

There is no doubt that a large part of the group's success is due to the quality of its people. We have always maintained that to achieve the vision of the group, a highly skilled and diverse team is essential.

Spear boasts a unique team with the talent and ability to maintain high levels of productivity output on the continuous growth journey. During the year under review, Spear continued with its employee engagement process to identify areas of strengths, weaknesses, and potential improvements across various areas of the business and the employees as well.

Our focus on employee empowerment has always been of paramount importance. Spear continued its bursary programme with the sponsoring of a historically disadvantaged employee's tertiary education in accounting studies.

We currently employ 28 people (excluding executive directors), 19 of whom are from previously disadvantaged backgrounds. We subscribe to the principle that diversity is essential to create a strong, vibrant, and successful enterprise. Our recruitment philosophy is therefore to employ the best person for the job, giving preference to previously disadvantaged candidates. Thirteen of our staff complement are female and we will remain mindful of the importance of gender representation as we grow our staff complement.

In order to attract and retain the right people, we have implemented a remuneration system for all employees that consists of a fixed salary, a short-term incentive and a long-term share-based incentive. Funds are also made available for staff training and bursaries are made available to staff members who want to further their tertiary education. Ultimately, the company is seeking an alignment of interests with its staff, with all staff benefiting appropriately as the group creates value for its shareholders.

Contribution to society

Our approach to corporate social spend focuses mainly on education and entrepreneurship. We believe that focusing on education and entrepreneurship is an effective way to create opportunities for employment and wealth creation and to stimulate socioeconomic growth in our struggling economy. Spear continued to donate funds to various non-profit organisations, including Atlantic Hope, View Justice, Hope Empowerment NPO and Bonginkosi Educare.

Environmental impact and health and safety

Spear remains committed to creating a safe and healthy workplace and reduce the environmental footprint of our business.

Spear's approach, in accordance with best practice principles and management's own strategy, reflects a focused and balanced economic, social, and environmental approach resulting in a multi-pronged sustainable investment that provides environmental benefit and financial growth in the medium to long term.

Spear is continually seeking to reduce the carbon footprint of the group. Because of loadshedding in South Africa, key emphasis remained on the implementation of solar technology and other energy-efficient saving methods to become less reliant on municipal electricity across the portfolio.

Management acknowledges that real estate is a long-term investment that requires availability to natural resources to service the needs of its tenants. 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.

Green projects

Spear has adopted the Green Lease Addendum ("GRLA") relating to buildings that have obtained a rating from the Green Building Council of South Africa. The GRLA is a non-binding contract between the landlord and tenant to mutually work towards adopting green principles both inside and outside of a tenant's direct areas of use. The latter is one of the initiatives introduced to co-labour

with our tenants towards a more sustainable environment through the adoption of green principles. I am pleased to acknowledge that four of Spear's properties have been awarded the green-star rating by the Green Building Council of South Africa.

Sustainability bond

Spear entered into its first sustainability-linked bond with Standard Bank. The bond value of R230 million is linked to achieving key performance indicators ("KPIs"). By achieving these KPIs annually, Spear received the benefit of a reduced interest rate for the following financial period over the duration of the loan facility. Spear agreed to two KPIs, being the following:

- B-BBEE procurement from all qualifying suppliers
- Increasing the solar energy generation penetration rate over total portfolio power usage.

Water sustainability

Spear had continued with its prudent approach and proactive stance to ensure that the portfolio's overall water consumption was limited and provided for in the future with the establishment of a continuity plan. We are invested in a long-term asset class and are fully aware of the fact that the reckless use of our natural resources today will negatively impact on our ability to create value in the future. In this regard, Spear's proactive measures include water harvesting, a water plant at one of its properties, well points at three of its properties, and onsite water storage facilities at eight of its properties.

Energy sustainability

Spear has implemented the use of solar PV technology and other energy-efficient saving methods to curtail electricity costs and become less reliant on fossil fuel-generated electricity supply and more on renewable energy technology.

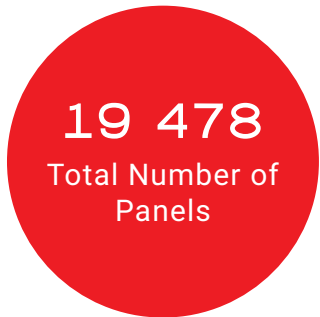
Through Spear's implementation of its energy-efficiency strategy, the company has reduced its carbon footprint in the area of energy by investing predominantly into rooftop solar PV systems across key parts of its portfolio.



SUSTAINABILITY REPORT CONTINUED

In this regard, Spear has successfully rolled out rooftop solar PV systems at 16 of its properties. These systems generated approximately 7.387 million kWh of solar energy over a 12-month period compared to 7.049 million kWh generated in FY2022 and is expected to generate 9.939 million kWh in FY2025.

In addition, Spear has installed generators and inverters at various properties across the portfolio and closely monitors consumption trends to ensure that usage and tariff charges are all aligned. LED lighting has been installed across the portfolio that has common areas under the landlord's control and Spear has encouraged tenants to utilise energy-saving and energy-efficient lighting, which to a large degree has been adopted.



REMUNERATION REPORT

This report outlines Spear's remuneration policy which encapsulates short-, medium- and long-term incentive programmes and how the policy will be implemented.

Background statement

It is with great pleasure that we present the remuneration report for the year ended 29 February 2024. Accordingly, this report consists of three sections, namely the background statement (chairman's letter), the remuneration policy and the implementation report.

Given Spear's alignment with the King IV™ recommendations, Spear continued to improve its remuneration policy by reviewing its short- and long-term incentives and the guaranteed packages of employees aimed at attracting and retaining motivated, high-calibre and appropriately skilled real estate-focused executives while ensuring that the remuneration was fair, responsible, and transparent.

Key areas of focus during FY2024

The key focus areas and activities of the remuneration committee during FY2024 are summarised below:

- ✓ The implementation of Spear's remuneration policy was reviewed to ensure that the set objectives had been achieved.
- ✓ Increases in the guaranteed packages for executives and senior management were considered and approved.

✓ The aggregate pay mix for executive directors, including long-term incentives ("LTI") and short-term incentives ("STI") was reviewed to ensure that it meets the group's needs and strategic objectives taking into account the outcomes emanating from the independent benchmarking exercise conducted in FY2023. The eighth allocation of awards in terms of the Conditional Share Plan ("CSP") was approved and will be made post the announcement of the FY2024 results. The CSP programme had been extended by shareholders at the annual general meeting held on 30 June 2023 increasing the capacity limits and life cycle of the CSP.

✓ The vesting of award four in FY2024 to recipients was reviewed and approved subject to the satisfaction of performance conditions and continued employment for the vesting period being met.

✓ Spear's incentive schemes, and the vesting schedules, were reviewed to ensure that they continue to contribute to shareholder value and are administered in terms of the plan rules

✓ The non-executive directors' fees for FY2024/25 were considered and approved and is to be tabled at the 2024 annual general meeting ("AGM").

✓ The succession plan for the key positions in the group was reviewed in line with best practice and the long-term business strategy.





REMUNERATION REPORT CONTINUED

Independent external advice

In FY2021, Independent external advice was sought from PricewaterhouseCoopers on benchmarking the remuneration of both the executive and non-executive directors and the standalone remuneration policy. The committee was satisfied that these advisors were independent and objective. The recommendations emanating from the benchmarking exercises were implemented and subsequently, the committee has continued to monitor and benchmark both the executive and non-executive directors' remuneration against comparable peers in the market on an annual basis.

Future areas of focus

Future areas of focus are to ensure that appropriate external benchmarking exercises are performed every three years to ensure that Spear has an effective and appropriate remuneration policy and pay composition for both its executive and non-executive directors as well as ensuring that adequate disclosures were included in the remuneration report, remuneration policy and implementation report to balance the needs, interests, and expectations of material stakeholders. This external benchmarking exercise will be conducted in the new financial year.

Shareholder engagement and non-binding advisory vote

The voting results at the AGM held on 30 June 2023 had a significant increase in the number of votes against the non-binding advisory vote on the remuneration policy for 2024 and the implementation report for 2023 as follows:

	Total votes as a % of issued shares		Total votes as a % of issued shares	
	Against 2023 AGM %	2023 AGM %	Against 2022 AGM %	2022 AGM %
Remuneration policy	18.07	72.88	5.48	78.31
Implementation report	14.57	72.88	5.48	78.31

The below table illustrates both the active and reactive engagements conducted with shareholders on Spear's remuneration policy and the implementation thereof during FY2024.

Type of engagement	Shareholder feedback
Proactive engagements	Prior to the 2023 AGM, the executives had engaged with shareholders on the remuneration policy
Reactive engagements	Following the 2023 AGM, no formal shareholder engagement was required as sufficient votes in favour of the implementation report for FY2023 and remuneration policy for FY2024 had been ascertained at the 2023 AGM

Both Spear's remuneration policy for FY2025 and its implementation report for FY2024 will be presented to shareholders for separate non-binding advisory votes at the upcoming AGM being held on 31 July 2024. In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report at the AGM, Spear will engage with the dissenting shareholders.

As chairman of the remuneration committee, my fellow committee members and I consider the Spear remuneration policy to be aligned with and supportive of the long-term business strategy of Spear. We look forward to receiving your support for both the remuneration policy and the implementation report on the remuneration policy at the forthcoming AGM.

Jalaloodien Ebrahim Allie
Chairman: Remuneration committee

17 May 2024

100 FAIRWAY CLOSE, PAROW



REMUNERATION REPORT CONTINUED

Remuneration policy

Remuneration philosophy

Spear continues to adopt a high-performance culture aimed at ensuring that the total rewards package for its employees is appropriate at all levels and aligned with the short-, medium- and long-term strategic objectives of Spear.

Spear is committed to being compliant with best practice in the areas of remuneration in which remuneration packages and incentives are regularly evaluated against market surveys to ensure the attraction and retention of vital talent.

Remuneration governance

The remuneration committee is responsible for overseeing and recommending to the board for approval the reward philosophy, policy, remuneration mix and the implementation thereof. The remuneration committee is a subcommittee of the board and operates under a term of reference which the board reviews annually. Furthermore, Spear adopted a standalone remuneration policy in 2023 which sets out the details on the internal remuneration practice and processes for implementation in the financial year of adoption and beyond.

The CEO and CFO attend the remuneration committee meetings by invitation only. They do not participate in the voting process nor are they involved when matters relating to their own remuneration are discussed.

The remuneration committee had engaged with stakeholders to ensure that the remuneration philosophy, policy, strategy, and practices are aligned with best practice and the strategic imperatives of Spear. Detail on the duties and responsibilities of the remuneration committee, composition of its members and the attendance record of meetings is set out on pages 27 and 28 in the corporate governance report.

Fair and responsible remuneration

Internal wage gap

Spear is mindful of the pay gap ratio in comparison to highly skilled executives and therefore it is the ethos of Spear to take into regard a fair and reasonable approach to executive remuneration with collective regard given to Spear's performance, the individual's performance as well as the relevant benchmarks used to arrive at any decision.

Spear is committed to ensuring that the remuneration strategy is fair and responsible at all levels and achieves a sustainable balance between the TGP, STI and LTI while further ensuring good governance principles and any prescribed minimum pay rates are applied in this regard.

As a measure of pay gap, the remuneration committee monitors the ratio between the chief executive officer's TGP and the average employee's TGP. The ratio for FY2024 decreased to 14.43% from 14.66%.

Benchmarking and pay composition

At Spear, we continue to benchmark, monitor, and review our remuneration policy to ensure we apply the right pay mix and remunerate our employees competitively by conducting a comparative peer analysis utilising industry- and country-specific benchmarks. Spear has taken the policy decision to perform external benchmarking exercises every three years.

In FY2022, an external benchmarking exercise was conducted by PricewaterhouseCoopers on the total remuneration of the executives, which included TGP, STI and LTI. This was conducted against a selected peer group consisting of companies of a similar size in a similar sector from the median comparator group while taking into account individual elements of total remuneration.

In accordance with Spear's remuneration strategy, the remuneration committee applies inflationary adjustments to all categories of employees. The remuneration committee has the ongoing delegated authority to review and adjust remuneration in the event of the committee concluding that any remuneration did not benchmark to market.

Equal pay for equal value

Spear takes proactive steps to identify and progressively address any unjustifiable differences in remuneration paid to employees at the same level and with equal experience. To this effect, benchmarking exercises are conducted internally as well as externally every three years.

Remuneration elements and design principles

The remuneration policy follows the best practice of combining guaranteed packages with benefits, STIs and LTIs that align with the achievement of Spear's objectives. LTIs are awarded to executives and employees at the remuneration committee's discretion on an annual basis.

The remuneration mix of the executives is balanced between TGP with benefits, STI and LTI. To encourage retention and align the executives' interests with shareholders, variable pay is weighted more heavily with respect to STI and LTI. The STI component is calculated using the on-target distribution per share as measured against the annual budget set by the board, performance against peer group and the achievement of personal goals. The maximum STI is 120% of TGP for the CEO and 105% of TGP for the CFO.

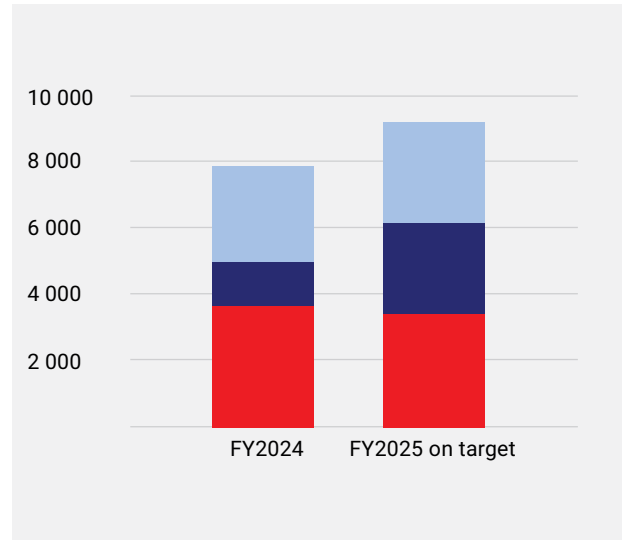
Following the outcome of the internal benchmark exercise conducted on executive remuneration during the previous financial year, Spear has approved a 8.41% aggregate increase in TGP for its executives, including COO and CIO, for FY2025. The largest percentile increase is attributable to the remuneration catch-up of the Chief Investment Officer of 11.65% and the Chief Operating Officer of 10.57%. These increases align the TGP of the Chief Investment Officer and Chief Operating Officer to the benchmark as determined by PWC.

The graphs overleaf illustrate the potential remuneration in Rand value that can be earned by the executives at minimum, on-target and maximum company performance in FY2025. This had been compared to FY2024.

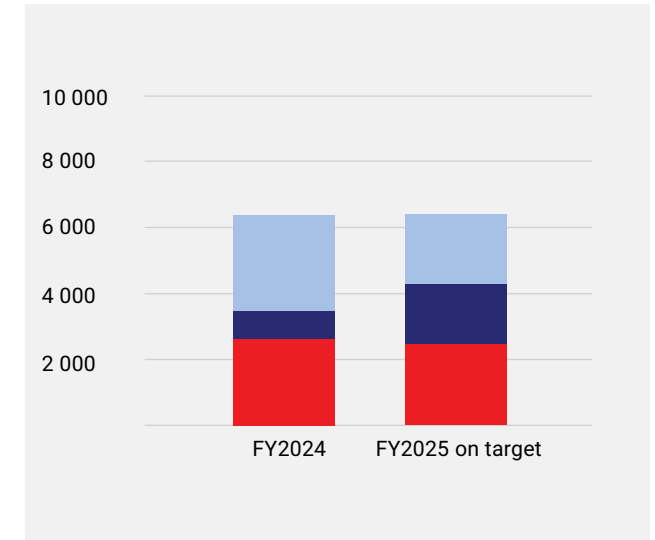


REMUNERATION REPORT CONTINUED

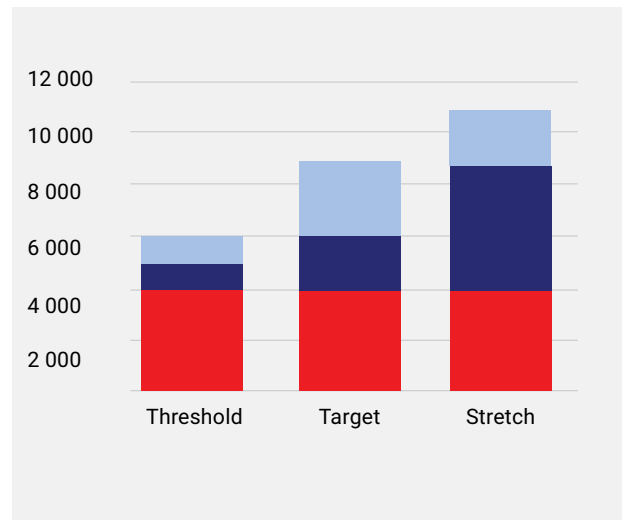
Chief Executive Officer



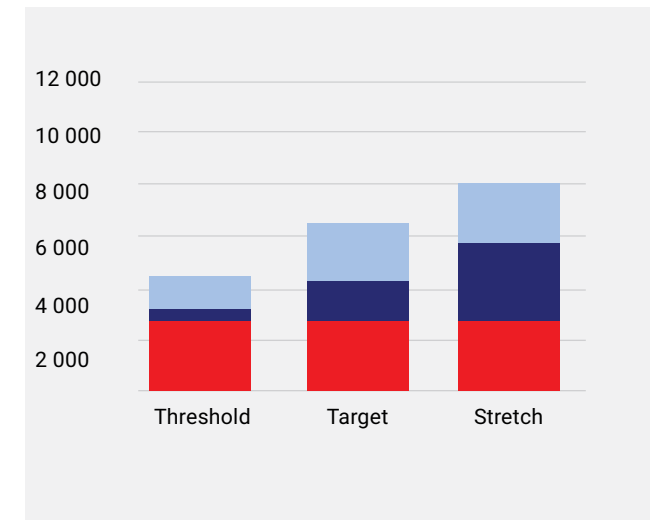
Chief Financial Officer



Chief Executive Officer: FY2025



Chief Financial Officer: FY2025



● TGP
 ● STI
 ● LTI

2 LONG STREET,
CAPE TOWN

REMUNERATION REPORT CONTINUED

Spear organisational-wide remuneration framework

Spear's remuneration framework is designed to attract and retain high-quality talent while at the same time motivating performance that drives value creation. The Spear remuneration framework and remuneration mix in respect of its employees are as follows:

REMUNERATION FRAMEWORK		
GUARANTEED PAY		VARIABLE PAY
Basic pay	Benefits	Incentives
Cash salary including a discretionary 13th cheque and bonus for employees (excluding the executives)	Benefits include travel benefit, cellphone benefit, assistance with studies and retirement scheme	LTI scheme based on individual and company performance

Spear has approved a 7.74% aggregate increase in total guaranteed pay for its employees for FY2025.

Components of remuneration for executive directors

The table below sets out an overview of the components of remuneration that apply to executives.

Element	Purpose	Performance period and measures	Option and delivery
Total guaranteed pay <i>Includes fixed salary and benefits (e.g. travel benefit, cellphone benefit and retirement scheme)</i>	To compensate executives for time and competence at a market-related rate, taking into consideration individual performance and contribution	Reviewed annually and based on individual performance	Delivered to the executive as a cash salary and a mix of compulsory and/or discretionary benefits such as retirement scheme, petrol benefit and cellphone benefit
STI	To create a high-performance culture through a cash bonus linked to performance against contracted deliverables	Performance is evaluated annually against distribution per share as measured against the annual budget, personal KPIs and performance against peers	Payable in cash after release of audited results in respect of the previous financial year
LTI	To attract, retain and reward executives who perform well and to reinforce key alignment between the executives' interests and shareholder interests	Performance conditions are inherent in the award, which is based on distribution per share growth (70%) and net asset value per share growth (30%) being achieved	An annual award of rights is made, entitling an individual to shares with vesting occurring every fourth year



APOLLO BRANDS, NORTHGATE PARK,
BROOKLYN



REMUNERATION REPORT CONTINUED

Executive contracts and termination of employment conditions

There are currently no obligations in the executives' employment contracts which give rise to balloon payments or accelerated vesting of LTIs on termination of employment or office other than the TGP for the period and leave pay due to them. Furthermore, it is policy that Spear's executives have employment contracts which may be terminated by the executives with a notice period of three months.

The table below illustrates Spear's termination of employment conditions:

	Reason for termination	Treatment of STI and unvested LTI awards
STI	Fault termination	STI awards are subject to the participants remaining in the employ of Spear. In the event of termination, no STI is payable
STI	No-fault termination	STI awards are subject to the participants remaining in the employ of Spear. In the event of termination, a pro rata portion of the STI is payable at the discretion of the remuneration committee
LTI	Fault termination	Participants terminating employment due to resignation or dismissal on grounds of misconduct, poor performance, dishonest behaviour, or fraudulent conduct or because of abscondment, will forfeit all awards which have not vested
LTI	No-fault termination	Unvested awards will vest on date of termination of employment, considering the number of complete months served since the award date to the date of termination over the total number of months in the employment period, and the extent to which any performance conditions have been satisfied. However, a discretion on the part of the remuneration committee could allow a retired participant to continue participation until vesting
LTI	Change in control	In the event of a change of control of Spear occurring before the vesting date of any award, a portion of the award will vest. The remuneration committee has an absolute discretion to accelerate vesting of a portion of awards





Short-term incentives

Introduction

The STI programme provides for a clear alignment of executive strategies designed to ensure that Spear is the benefactor of the highest possible distribution per share in any given period. The STI programme further aims to reward overperformance achieved by the executives of Spear, which is a material informant when determining bonuses.

Short-term incentive allocation methodology

The remuneration committee sets out the economic targets for the STI on an annual basis, which is refined by the remuneration committee where necessary. The executives participate in the multiplier STI in which the maximum value of the STI payable to an executive is equal to 120% and 105% of the executive's annual TGP for the CEO and CFO respectively. STI is payable in cash after the release of the audited financial statements. The measurement metric for the STI is distribution per share as measured against the annual forecast growth in DIPS and DPS as set out by the board. This aligns with the group's strategy to continuously grow its DIPS and DPS per share. STI awards are independently verified by the group auditors.

STI	=	On-target incentive %	x	Personal modifier	x	Financial modifier
CEO		40% of TGP		0% – 150%		100% – 200%
CFO		35% of TGP		0% – 150%		100% – 200%

The above table illustrates how the bonus pool is calculated based on the on-target incentive and financial modifier at each performance level. The approach results in zero STI if the personal modifier is 0%.

STI payments can never dilute the group DIPS and DPS to shareholders below the growth forecast that was set by the board. Linier vesting is applied between all levels of measurement criteria.

On-target incentive

Level of performance	Growth	Vesting
Threshold	Forecast less 3%	50% of on-target TGP
Target	DIPS lower end forecast announced	100% of on-target TGP
Stretch	DIPS high end forecast + 5%	150% of on-target TGP

Personal modifier

Personal objectives are agreed to by each executive director each financial year. These objectives are agreed at the beginning of the financial year and assessed at the end of the financial year. This measurement results in a multiplier of 0% – 150%. Examples of the indicators are set out on pages 46 and 47, which were measures for the year ended 29 February 2024, but are not limited to these and are reviewed and adjusted annually and weightings reviewed. The performance conditions used in FY2025 will remain consistent to that used in FY2024.

Financial modifier

Annually, the remuneration committee will determine an appropriate measurement group to benchmark growth of the group to the average growth of the selected benchmark group. The benchmark group must comprise of South African JSE-listed REITs that are members of the SA REIT Association. This criterion is only applicable if the group achieved its board-determined growth forecast for an on-target incentive. This is to measure and award outperformance of the group to the benchmarked group of companies.

		Threshold %	Target %	Stretch %
Spear growth exceeds average growth of benchmark	From	0	5	10
	To	5	10	15
Vesting of on-target TGP (%)		100	100 – 150	150 – 200



Long-term incentives

Introduction

The LTI programme is part of a maximum performance and comprehensive skills retention strategy to ensure that targets are achieved, and human capital preservation is maintained within Spear.

Conditional Share Plan ("CSP")

As part of the LTI programme, a CSP was introduced and approved at a special general meeting of shareholders held on 26 January 2018 and limits updated at the 30 June 2023 AGM. The CSP was designed to:

- Attract, retain, and reward members of the executive and senior management teams
- Provide an opportunity for executives and senior management to share in the success of Spear
- Continuously incentivise executives and senior management to deliver on the key strategic objectives set by Spear over the long term
- Reinforce key alignment between the executives, senior management, and Spear shareholders.

Long-term incentive allocation methodology

A tranche-based award system was adopted whereby, on an annual basis, participants are awarded a number of conditional shares. This allows the executives and employees the opportunity to share in the success of Spear over the long term. The below table illustrates the tranches that have been awarded. The allocation level as a percentage of TGP is that of a maximum of 100% for FY2024.

CSP awards	Date of award	Status
Award 1	1 March 2018	Vested
Award 2	1 July 2018	Vested
Award 3	1 July 2019	Vested
Award 4	1 July 2020	Unvested
Award 5	1 July 2021	Unvested
Award 6	1 July 2022	Unvested
Award 7	23 May 2023	Unvested
Award 8	23 May 2024	Unvested

The aggregate number of shares which may be net settled may not exceed 5% of the number of issued shares and 1% per individual. On 1 July 2024, a total of 15 750 465 conditional shares would have been awarded with estimated net settlement of 9 069 605 shares, subject to performance conditions being met. A total of 12 000 000 net shares are available for allocation in the lifecycle of the CSP based on current individual taxation rates.

Settlement method

The settlement method in accordance with the CSP rules is flexible in order to allow for settlement by way of a market purchase of shares or the use of existing shares held in treasury or the issue of shares by Spear or cash as a fall-back provision.

Vesting and performance period

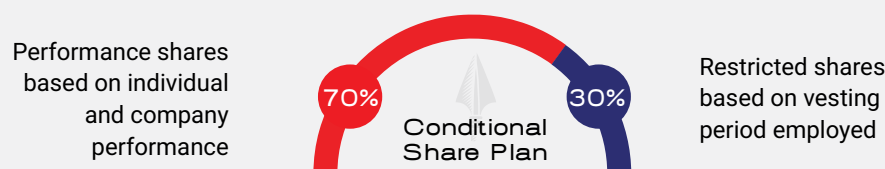
The performance period for the vesting of the conditional shares is staggered over four years in respect of which the performance conditions are to be satisfied, provided that the performance period in relation to performance conditions which apply to the first tranche of CSPs awarded was three years and four months.

The vesting of the restricted shares is subject to the fulfilment of the condition of continued employment with the group for the duration of the period of four years, commencing on the date of award, and performance shares will be subject to the fulfilment of both the predetermined performance conditions to be satisfied over the performance period and the employment condition over the four financial periods during the performance period.

LTI performance conditions

The performance conditions contain both financial and nonfinancial performance measures, including weightings and targets at threshold.

The performance conditions for the LTI awards are divided as follows:



The performance conditions of the performance shares for all awards are divided as follows:



The performance conditions of the company's performance criteria which are to be achieved for each of the four financial periods during the performance period, are divided as follows based on the discretion of the remuneration committee:





REMUNERATION REPORT CONTINUED

The extent and nature of performance conditions applicable to the CSP are approved by the remuneration committee annually taking into account the business environment. After the four-year performance period, the remuneration committee assesses the performance and the number of shares awarded to each participant, which is then adjusted in line with the performance conditions. The LTI awards are independently verified by the group auditors.

Risk adjustments

In line with Spear's policy, clawback will be implemented on STI payments post payment at the discretion of the company. The events giving rise to clawback include fraud and misconduct. The clawback period runs for five years after the STI payment was made. In terms of LTI and in the event of a fault termination, participants will forfeit all awards which have not vested.

Non-executive directors' fees

Non-executive directors do not have employment contracts, do not receive any benefits associated with permanent employment and do not qualify for any STI or LTI. Their fees as directors consist of a fixed fee for services as a director and an additional attendance fee for duties on committees. The Chairman of the board is paid a higher fee to reflect the complexity and amount of preparation required by him.

The proposed fees for FY2024/25 are detailed below and will be submitted for approval by the shareholders at Spear's AGM to be held on 31 July 2024.

	Annual base fee R	Attendance fee per meeting R
FY2024/25		
Chairman of the board	783 076	
Deputy Chairman	769 575	
Board member	337 533	
Chairman of audit and risk committee		8 000
Member of audit and risk committee		6 000
Chairman of other sub-committee		8 000
Member of other sub-committee		6 000

Based on the meetings set for the period, the total fees payable in the coming period will amount to R3 624 315 excluding VAT.



VIKING BUSINESS PARK, EPPING

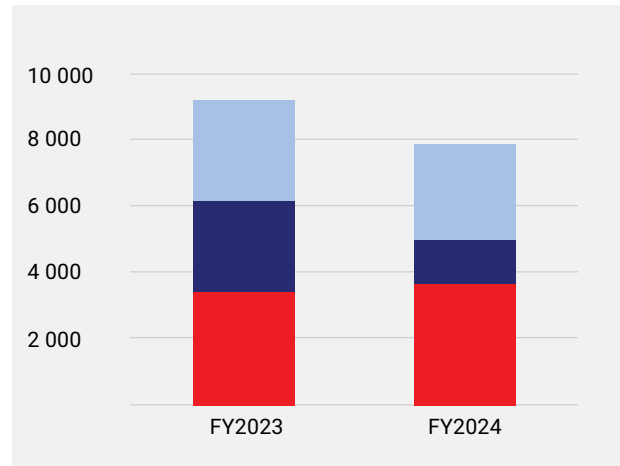


REMUNERATION REPORT CONTINUED

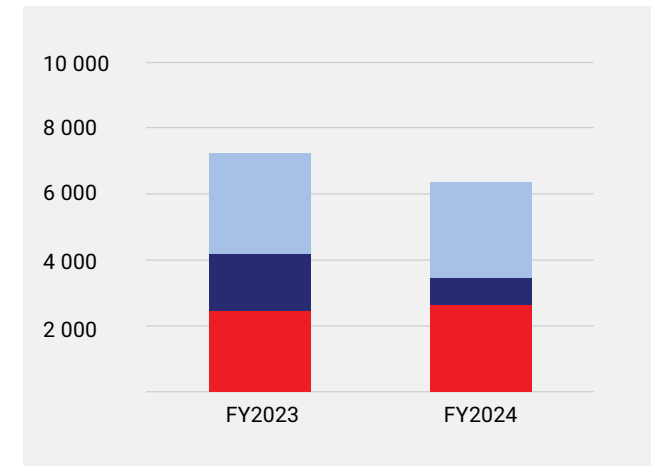
Implementation report

Spear's remuneration committee is satisfied that Spear complied with its remuneration policy during FY2024. The executives' total reward package is aligned towards the longer-term performance of Spear. The below graphs illustrate the remuneration (in Rand value) earned by the executives and which includes TGP, STI and LTI for the executives for FY2023 and FY2024.

Chief Executive Officer



Chief Financial Officer



● TGP ● STI ● LTI

Total guaranteed package ("TGP")

In FY2024, annual salary increases for all staff levels excluding executives were based on various factors ranging from Spear's profits, average CPI and market-related salary indicators. The TGP for all staff levels excluding executives aggregated to 7.76%.

The TGP increase for the executives was that of 9.79% following an internal benchmarking exercise that was conducted on the total remuneration of the executives which included TGP, STI and LTI against companies of a similar size in a similar sector from the median comparator group. It was identified that the executives were positioned below the 30th percentile and a conservative market catch-up approach was adopted for implementation in FY2023 and FY2024.

Non-executive directors' fees

During FY2023, an internal benchmarking exercise was conducted on the non-executive directors' fees against companies of a similar size in a similar sector from the median comparator group. It was determined that non-executive directors' fees were positioned within the tolerance band at the 50th percentile and that all sub-committee fees were positioned below the tolerance band and were below the 30th percentile and average, respectively.

REMUNERATION REPORT CONTINUED

The below table illustrates the remuneration paid to non-executive directors during FY2023 and FY2024:

Director	2024	2023
Abu Varachhia	711	659
Mike Flax	699	647
Jalal Allie	371	340
Brian Goldberg	390	346
Niclas Kjellström-Matseke (resigned 20 January 2023)	–	210
Bongani Raziya (appointed 8 February 2023)	385	18
Roze Phillips (Dr.)	324	297
Sean McCarthy	350	309
Total	3 230	2 826

STI performance outcomes and awards in FY2024

The below table illustrates how the STI bonus pool was calculated based on the on-target incentive and financial modifier at each performance level.

STI	=	On-target incentive	2024 %	x	Personal modifier	2024 %	x	Financial modifier	2024 %
CEO		40% of TGP	45.77		0% – 150%	150		100% – 200%	100
CFO		35% of TGP	40.05		0% – 150%	150		100% – 200%	100

The below table illustrates the STI paid to the executive directors during FY2024 and FY2023. STI was limited per below per the remuneration policy to not reduce board-approved DIPS growth targets despite performance allowing for greater STI allocations.

Director	2024 STI R'000	2023 STI R'000
Quintin Rossi	1 334	2 764
Christiaan Barnard	824	1 713

LTI performance outcomes and awards in FY2024

A long-term incentive programme in the form of a Conditional Share Plan ("CSP") was introduced and approved at a general meeting of shareholders held on 26 January 2018. This CSP programme had been extended by shareholders at the annual general meeting held on 30 June 2023 increasing the capacity limits and life cycle of the CSP. 800 000 gross and 440 000 net shares vested in FY2024 to executives.

LTI performance conditions and outcomes

The conditional shares are divided into performance shares (70%, based on individual and company performance) and restricted shares (30%, based on vesting period employed). Performance shares are further subject to company (70%) and personal (30%) performance criteria. The company performance criteria are based on distribution per share growth (70%) and net asset value per share growth (30%) being achieved for each of the four financial periods during the performance period.

The remuneration committee assesses the performance and the number of shares awarded to each participant which is then adjusted in line with the performance conditions. The LTI awards are independently verified by the group auditors.

The below tables illustrate the outcome of the remuneration committee's evaluation of the personal performance conditions of the executives attached to the CSP for which the performance period ended on 29 February 2024 and vesting will only occur on 1 July 2024. The target of the executives is 100% from the available 150% over the performance period.





	CEO		CFO		Comment
	Maximum %	Result %	Maximum %	Result %	
Business growth and continuity					
<ul style="list-style-type: none"> Maintain income generation ability base and continuity Net asset value growth 	25	25	25	25	<ul style="list-style-type: none"> Achieved DIPS and DPS forecast NAV increased by 2.79%
Operational metrics					
<ul style="list-style-type: none"> SA REIT expense ratio Vacancy ratio and rent reversions Arrears management 	20	20	25	25	<ul style="list-style-type: none"> Maintained property expense ratio to 43.69% and admin cost ratio to 6.00% Vacancy ratio has decreased to 6.88% but reversion only a negative 0.37% Arrears managed at 3.91% of gross revenue billed with revenue increasing 5.92%
Leadership cohesion, staff management and company culture					
<ul style="list-style-type: none"> Ensuring fully committed and motivated team Maintain minimal staff turnover Adherence to the agreed company values 	25	25	25	25	<ul style="list-style-type: none"> Staff remained motivated with high-quality operational results and productivity in a tough trading environment Two new staff members employed and no staff turnover in FY2024 Continued to promote from within with two internal promotions during the year
Financial management					
<ul style="list-style-type: none"> Maintain LTV within target range Extend debt expiry profile Improve interest rate margins 	–	–	25	25	<ul style="list-style-type: none"> LTV reduced to 31.60% below internal range of 38% – 43% Extended debt maturity profile Improved all-in interest margin post refinancing of debt
<ul style="list-style-type: none"> Effective and efficient communication with stakeholders Managing major shareholder interactions Media and market engagement 	25	25	5	5	<ul style="list-style-type: none"> Continued engagement with shareholders with positive feedback New institutional shareholders added and R313 million in capital raised Financial results enjoyed positive media and analyst coverage



	CEO		CFO		Comment
	Maximum %	Result %	Maximum %	Result %	
Engagement with debt holders					
<ul style="list-style-type: none"> Ongoing negotiations with third-party lenders Diversify sources of funding and minimising funding costs 	10	10	20	20	<ul style="list-style-type: none"> Successfully refinanced R0.4 billion of debt with lower margins and settled R298 million of debt First RCF implemented and improved fixed-debt ratio from interims Maintained all covenants within bank limits
Implementation of acquisitions					
<ul style="list-style-type: none"> Leading due diligence on all transactions together with investment committee Engaging with market and identifying opportunities Overseeing and implementing all acquisitions seamlessly 	25	25	15	15	<ul style="list-style-type: none"> Conducted and completed the due diligence and acquisition of R1.146 billion Western Cape diversified portfolio in an accretive manner Disposal of one asset and acquisition of one asset successfully implementing investment strategy Rebalancing the portfolio per guidance provided to market
<ul style="list-style-type: none"> Increase of non-GLA revenue streams 	20	20	10	10	<ul style="list-style-type: none"> Successfully rolled out solar PV to new assets generating significant income with and increasing portfolio penetration rate
Aggregate result	150	150	150	150	

The table below illustrates the outcome of the company's performance conditions (70% of total award) attached to the award 4 performance awards for which the performance period ended on 29 February 2024 and vesting will occur 30 June 2024.

IR2024		Weighting %	Threshold (30% vesting) %	Threshold (% vesting) %	Actual performance %	Actual vesting
						(% of performance shares)
Collections of billed revenue	FY2021	25	61	91 – 100	97	100
Growth in DPS for FY +1	FY2022	25	4	6	6.26	100
Growth in DPS for FY +2	FY2023	25	3	5	5.32	100
Growth in DPS for FY +3	FY2024	25	0	1	1.04	100

*Linier vesting takes place between Threshold, Target and Stretch performance.

REMUNERATION REPORT CONTINUED



LTI awards

The table below illustrates both the vested and unvested shares awarded to the executives.

Director	Date of award	Vesting date	Number of instruments awarded		Status	Option issue price	Closing number of unvested instruments	Indicative value (Option price) R'000
			On-target grant	Estimated award at vesting date				
CEO								
Award 1	01/03/2018	30/06/2021	400 000	398 981	Vested	-	-	-
Award 2	01/07/2018	30/06/2022	400 000	399 236	Vested	-	-	-
Award 3	01/07/2019	30/06/2023	400 000	400 000	Vested	-	-	-
Award 4	01/07/2020	30/06/2024	252 000	252 000	Unvested	4.49	252 000	1 130
Award 5	01/07/2021	30/06/2025	168 000	168 000	Unvested	4.41	168 000	741
Award 6	01/07/2022	30/06/2026	400 000	400 000	Unvested	4.95	400 000	1 980
Award 7	23/05/2023	22/05/2027	900 000	900 000	Unvested	4.48	900 000	4 032
Award 8	23/05/2024	22/05/2028	650 000	650 000	Unvested	5.26	650 000	3 419
								11 303
CFO								
Award 1	01/03/2018	30/06/2021	400 000	398 981	Vested	-	-	-
Award 2	01/07/2018	30/06/2022	400 000	399 236	Vested	-	-	-
Award 3	01/07/2019	30/06/2023	400 000	400 000	Vested	-	-	-
Award 4	01/07/2020	30/06/2024	252 000	252 000	Unvested	4.49	252 000	1 130
Award 5	01/07/2021	30/06/2025	168 000	168 000	Unvested	4.41	168 000	741
Award 6	01/07/2022	30/06/2026	400 000	400 000	Unvested	4.95	400 000	1 980
Award 7	23/05/2023	22/05/2027	680 000	680 000	Unvested	4.48	680 000	3 046
Award 8	23/05/2024	22/05/2028	650 000	650 000	Unvested	5.26	650 000	3 419
								10 317

*Issue price references the issue price as calculated using the Black-Scholes valuation model using input on award date and not current market issue price.



RISK MANAGEMENT REPORT

The board is responsible for the governance of risk and mandates the governance thereof to the audit and risk committee to oversee and monitor the risk management framework and risk management processes.





Risk management is an integral part of the group's strategic management and is essential to ensure quality growth in the net asset value of the group, which translates into sustainable distribution growth.

The group employs a risk management framework to:






- Identify risk factors which may have a material impact on the group's operations
- Formulate a mitigating response for each area of impact
- Monitor progress against mitigation targets
- Review and revise identified risks on an ongoing basis.

The board adopted a risk management policy which is implemented by the executive team and staff in the daily operations of the group. The policy is based on mitigating identified risks to the group to acceptable levels in line with industry practices while taking our strategic objectives into account.

The table below summarises the material risk factors identified and how these have been mitigated.



Risk factor	Areas of impact	Company response	Status
 Tenant default	<ul style="list-style-type: none"> • Sustainability of revenue and distribution • Portfolio vacancies • Increased bad debts 	<ul style="list-style-type: none"> • Active client engagement and daily review of arrears • Credit vetting process and preference for tenants offering strong lease covenant • Increased bad debt provisions 	<ul style="list-style-type: none"> • No significant post-year-end bad debts • Active tenant engagement regarding payment • Total vacancies only 6.88% of GLA
 Loadshedding	<ul style="list-style-type: none"> • Tenant ability to operate and generate cash flows • Revenue collection • Cost recovery of diesel generators 	<ul style="list-style-type: none"> • Installation of diesel generators • Installation of inverters for smaller tenants where feasible • Generator recovery agreement with tenants 	<ul style="list-style-type: none"> • All office buildings have generators servicing common areas • Tenants connected to generators per agreement • 98% diesel recovery in group
 Going concern risk	<ul style="list-style-type: none"> • Inability to settle creditors and funding obligations as they become due 	<ul style="list-style-type: none"> • Strong balance sheet with long-dated leases in place to generate sustainable cash flows • Continuous management of overheads and improvement of project performance • Prudent cash management 	<ul style="list-style-type: none"> • Current LTV 31.60%, well below the 50% bank covenant guideline • Cash reserves adequate to cover creditors as they become due • Solvency and liquidity performance test passed
 Rapid increase in utility costs, especially property taxes and electricity	<ul style="list-style-type: none"> • Pressure on tenants for recovered utilities • Pressure on profitability for non-recovered costs • Additional financial impact on tenants 	<ul style="list-style-type: none"> • Use of renewable energy sources implemented • Use of non-municipal water supply implemented 	<ul style="list-style-type: none"> • Boreholes and well points at high water use buildings operational • 27% of lettable space comprises tenants fully recovering leases



Risk factor	Areas of impact	Company response	Status
 Macroeconomic environment	<ul style="list-style-type: none"> • Access to capital • Interest rate risk • Rising inflation • Tenant defaults and reduction in rental income • Low economic growth • Increasing unemployment levels 	<ul style="list-style-type: none"> • LTV target range of 38% – 43% and maintenance of adequate banking facilities • Hedging target of 65% – 75% • Focus on high-quality real estate in Western Cape only 	<ul style="list-style-type: none"> • Current LTV 31.60%, within target range • 47.24% debt fixed, below target but acceptable with low LTV • 43% of GLA to large listed, unlisted national or international tenants
 Deterioration in property values in current economic environment	<ul style="list-style-type: none"> • Fair value of investment property • Ability to attract new tenants 	<ul style="list-style-type: none"> • Focus on A-grade property in prime nodes • Preference for tenants offering strong lease covenant 	<ul style="list-style-type: none"> • 43% of GLA to A-grade tenants • 52% of lease revenue expiry > 3 years • 100% Western Cape assets
 Retention of key staff	<ul style="list-style-type: none"> • Loss of key staff will impact on the ability to achieve the group's objectives 	<ul style="list-style-type: none"> • Implementation of long-term and short-term incentive schemes 	<ul style="list-style-type: none"> • Share scheme and bonus plan rolled out to all key staff • Shareholder approval received for implementation of CSP and STI programmes
 Gradual or sudden destruction of properties	<ul style="list-style-type: none"> • Buildings destroyed by acts of God • Properties not properly maintained and deteriorating over time • Increase risk of damage due to political riots 	<ul style="list-style-type: none"> • Ensure adequate insurance cover is maintained • Ensure properties are continuously maintained 	<ul style="list-style-type: none"> • Comprehensive commercial insurance in place. Full insurance replacement valuation performed in each year under review to ensure adequacy of cover • Property operational team employed and detailed maintenance schedule drafted
 Property obsolescence	<ul style="list-style-type: none"> • Change in tenant needs or buildings becoming dated could result in impairment of key assets or significant costs to improve facilities 	<ul style="list-style-type: none"> • Increased focus on acquiring new properties with excellent quality and maintenance record • Prudently earmark dated properties for disposal • Effective recycling of capital 	<ul style="list-style-type: none"> • Our portfolio currently consists only of properties with excellent maintenance records



RISK MANAGEMENT REPORT CONTINUED

Risk factor	Areas of impact	Company response	Status
 <p>Compliance with laws and regulations</p>	<ul style="list-style-type: none"> Penalties, operational risk from non-compliance with legislation Sanctions and risks associated with non-compliance with JSE regulations 	<ul style="list-style-type: none"> Employment of suitably skilled and experienced staff and executive Engage external specialists with appropriate skills Adequate internal and external training 	<ul style="list-style-type: none"> Executives and staff considered to be adequately qualified and experienced Corporate advisors and auditors experienced in listed property companies Employees regularly attend conferences and receive relevant training
 <p>Stakeholder risk (other than addressed above)</p>	<ul style="list-style-type: none"> Access to capital Share price and liquidity Market credibility 	<ul style="list-style-type: none"> Regular meetings with major shareholders Close interaction with corporate advisors (PSG Capital, auditors, CDH) 	<ul style="list-style-type: none"> Company continues to receive strong support from current shareholders New institutional shareholders onboarded in FY2024 capital raise

The Board, via the audit and risk committee, has considered the effectiveness of the risk assessment and management process, policies and procedures and is satisfied with the effectiveness thereof.



Jalaloodien Ebrahim Allie
Chairperson: Audit and risk committee

17 May 2024



GTX DEVELOPMENT, GEORGE



COMMERCIAL
Sector

R306m
Value

16 981m²
GLA

6.61%
Total Value

R18 020/m²
Valuation

NORTHGATE PARK, BROOKLYN



Consolidated

FINANCIAL STATEMENTS

Audit and Risk Committee Report	54
Directors' Responsibility Statement	57
Declaration by the Company Secretary	58
Directors' Report	59
Independent Auditor's Report	62
Consolidated and Separate Statement of Financial Position	66
Consolidated and Separate Statement of Comprehensive Income	67
Consolidated and Separate Statement of Changes in Equity	68
Consolidated and Separate Statement of Cash Flows	69
Notes to the Financial Statements	70
Appendix 1 – Adoption of SA REIT Best Practice Recommendations	101
Appendix 2 – Shareholder Analysis	106



NORTHGATE PARK, BROOKLYN

AUDIT AND RISK COMMITTEE REPORT



The audit and risk committee has pleasure in submitting this report, as required by section 94 of the Companies Act of South Africa.



1 WATERHOUSE PLACE, CENTURY CITY

Functions of the audit and risk committee

The audit and risk committee has adopted formal terms of reference, delegated to it by the board of directors. The audit and risk committee has discharged its functions in terms of its terms of reference and ascribed to it in terms of the Act as follows:

- Reviewed and monitored key policies and processes
- Made recommendations to the board regarding the appointment of the auditor and lead audit partner
- Verified the independence of the external auditors, BDO South Africa Incorporated, for 2024 and noted the appointment of Mr. Bernard van der Walt as lead audit partner
- Approved the audit fees and engagement terms of the external auditors
- Oversaw and reviewed the quality of the effectiveness of the external audit
- Determined the nature and extent of allowable non-audit services and pre-approved the contract terms for the provision of non-audit services by the external auditors
- Reviewed the effectiveness of the Chief Financial Officer and finance function
- Reviewed financial results and made recommendations to the board
- Reviewed financial statements and reports from the external auditors and made recommendations to the board
- Took appropriate steps to ensure that the financial statements were prepared in accordance with IFRS Accounting Standards and in the manner required by the Companies Act of South Africa
- Reviewed the external audit reports on the annual financial statements
- Reviewed significant financial reporting issues and assessed the appropriateness of accounting policies
- Reviewed the ongoing effectiveness of the internal financial controls
- Evaluated the effectiveness of the risk management framework, controls and governance processes
- Reviewed material risk exposures
- Monitored the existence, nature, extent, implementation and effectiveness of the internal control processes and, when appropriate, made recommendations on internal financial controls.



AUDIT AND RISK COMMITTEE REPORT CONTINUED

Members of the audit committee and attendance at meetings

The audit and risk committee consists of three independent non-executive directors listed hereunder and meets at least three times per annum in accordance with the audit and risk committee terms of reference. All members act independently as described in section 94 of the Companies Act. Meetings and meeting attendance are detailed in the corporate governance report.

- JE Allie (Chairman)
- BL Goldberg
- B Raziya

Internal audit

The audit and risk committee has oversight of the Spear group's financial statements and reporting process, including the system of internal financial control. The audit committee has satisfied itself that the size and complexity of the company does not warrant an internal audit function at this stage.

Based on the review of the Spear group's system of internal controls and risk management, and considering the information and explanations given by management and discussions with the external auditor on the results of the audit, nothing has come to the attention of the committee that caused it to believe that the Spear group's system of internal controls and risk management were not effective, and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Attendance

The external auditors, in their capacity as auditors to the Spear group, attended two of the meetings of the audit and risk committee. Executive directors attended meetings by invitation.

Confidential meetings

Audit and risk committee agendas provide for confidential meetings between the committee members and the external auditors.

External auditors

In assessing the auditor's independence, the committee considered guidance contained in King IV™ as well as the Independent Regulatory board for Auditors' ("IRBA") publications and the related commentary thereon. The board sets a policy that governs the level and nature of non-audit services, which requires approval by the audit and risk committee for all non-audit services. In determining the independence of the external auditors, the committee considered the level and types of non-audit services provided as well as other enquiries and representations. The committee is satisfied that the auditors do not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from Spear. In addition, the committee has satisfied itself that the auditors' independence was not prejudiced by any consultancy, advisory or other work undertaken or as a result of any previous appointment as auditor.

The prospect of mandatory audit firm rotation was also considered by the committee during the current financial year. As required by the Companies Act, the committee has satisfied itself that Spear REIT Limited's external auditor, BDO South Africa Incorporated, was independent of the company, as set out in sections 90(2)(c) and 94(8) of the Companies Act and is thereby able to conduct its audit functions without any undue influence from the company.

The committee has considered the relevant audit quality indicators, including the audit firm's system of quality control. It noted that BDO South Africa Incorporated is subjected to a review of its quality control practices in terms of International Standards on Quality Control by IRBA. No legal or disciplinary proceedings have been concluded against the firm since inception of being the auditor of the group. The committee was satisfied with the quality of the audit concluded and has nominated, for re-appointment at the annual general meeting, BDO South Africa Incorporated as the external auditor of Spear REIT Limited for the financial year ended 29 February 2024 and Mr. Bernard van der Walt as the designated individual registered auditor who will undertake the audit on behalf of BDO South Africa Incorporated.

BDO South Africa Incorporated, being the audit firm, as well as Mr. Bernard van der Walt, being the Spear group's individual auditor for the 2024 financial year, have been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee has satisfied itself that BDO South Africa Incorporated and Mr. Bernard van der Walt are suitable for reappointment as audit firm and individual auditor, respectively, by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

During the year under review the audit and risk committee reviewed a representation by the external auditors and, after conducting its own review, confirmed the independence of the auditors.

The committee is satisfied that in discharging its duties in terms of its mandate, together with the robust internal BDO South Africa Incorporated independence processes, that BDO South Africa Incorporated's independence is maintained and has not been impacted by tenure. The BDO South Africa Incorporated internal independence processes include periodic internal quality reviews as well as those conducted by IRBA; the rotation of the group audit partner and key component audit partners at least every five years; independence training and monitoring of non-audit services.

Significant areas of judgement

Many areas within the financial statements that require judgement form an integral part of the financial statements. The committee has assessed the significance of the assets and liabilities on the statements of financial position and relating items that require significant judgement.



AUDIT AND RISK COMMITTEE REPORT CONTINUED

Expertise and experience of the Chief Financial Officer and the finance function

The audit and risk committee performs an annual evaluation of the financial reporting function and procedures in Spear. The committee satisfied itself, in terms of paragraph 3.84(g)(ii) of the JSE Listing Requirements, that the financial reporting function had appropriate resources, skills, expertise and experience and that the internal financial controls and procedures of the company are operating effectively. The committee confirms that operating effectiveness was considered for all group companies and the committee had access to all information and reports to ensure that its responsibility to adequately determine the operating effectiveness of group financial reporting control and procedures was executed. The committee also satisfied itself, in terms of paragraph 3.84(g)(i) of the JSE Listing Requirements, that Mr. Christiaan Barnard, Spear's Chief Financial Officer, possesses the appropriate skills, expertise and experience to meet the responsibilities required for that position during his service as such.

Internal financial controls

The audit committee oversaw the implementation of a combined assurance model and the external auditors and management reported to the audit and risk committee as to the efficiency of Spear group's internal financial controls. The audit committee reviewed these and other available reports regarding the group's risk management framework and confirms that no material breakdown of internal financial controls were identified during the current financial period.

Discharge of responsibilities

The audit and risk committee determined that during the financial year under review it had discharged its legal and other responsibilities as governed in the board-approved terms of reference.

Integrated report

Annual financial statements

After review of the annual financial statements for the year ended 29 February 2024, the committee is of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and IFRS as issued by the IASB, and fairly present the results of operations, cash flow and the financial position. On this basis, the committee recommended that the board of directors approve the annual financial statements for the year ended 29 February 2024.

Integrated report

The committee reviewed this report, taking cognisance of material factors and risk that may impact the integrity thereof and recommended that the board of directors approve the integrated annual report for the year ended 29 February 2024.

Jalaloodien Ebrahim Allie

Chair: Audit and Risk Committee

17 May 2024



SABLE SQUARE SHOPPING
CENTRE, MILNERTON



DIRECTORS' RESPONSIBILITY STATEMENT

Spear REIT Limited and its subsidiaries for the year ended 29 February 2024



RADNOR ROAD, PAROW

The company's directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements comprising the statements of financial position at 29 February 2024, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report.

The consolidated and separate financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards board ("IASB"), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices Committee, South African financial reporting requirements, the JSE Listings Requirements and the requirements of the Companies Act, No. 71 of 2008, as amended. The consolidated and separate financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors' responsibilities include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The external auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

CEO and CFO responsibility statement

In line with paragraph 3.84(k) of the JSE Limited Listings Requirements, each of the directors whose names are stated below, hereby confirm that:

- The consolidated and company annual financial statements, set out on pages 66 to 100, fairly present in all material respects the financial position, financial performance and cash flows of Spear REIT Limited and its subsidiaries in terms of IFRS Accounting Standards
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the consolidated and company annual financial statements false or misleading
- Internal financial controls have been put in place to ensure that material information relating to the company and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the group



NO. 2 ESTUARIES, CENTURY CITY



DIRECTORS' RESPONSIBILITY STATEMENT CONTINUED

- The internal financial controls are adequate and effective and can be relied on in compiling the consolidated and company annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for the implementation and execution of controls. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the efficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies or taken steps to remedy the deficiencies
- We are not aware of any fraud involving directors.

The consolidated and separate financial statements of Spear REIT Limited were approved by the board of directors on 17 May 2024 and are signed on its behalf by:

Quintin Michael Rossi
Chief Executive Officer

Christiaan Barnard
Chief Financial Officer

17 May 2024

Declaration by the

COMPANY SECRETARY

In terms of section 88(e) and in my capacity as Company Secretary, I hereby confirm, in terms of the Companies Act of South Africa that, for the year ended 29 February 2024, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

René Cheryl Stober
Company Secretary

17 May 2024

DIRECTORS' REPORT

Spear REIT Limited and its subsidiaries for the year ended 29 February 2024



1 WATERHOUSE PLACE, CENTURY CITY

Nature of business

Spear REIT Limited (“Spear”) 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 listed on the JSE that predominantly 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 company's property and asset management functions are internally and directly managed by the Spear executive management team.

Subsidiaries

The company has the following subsidiaries, all of which are property investment companies:

	%
Spear Holdco Proprietary Limited	100
Webram Four Proprietary Limited	100
George Aerotropolis Proprietary Limited	75.6
Fundamental Holdings Proprietary Limited	100
Spear One Proprietary Limited	100

Financial results

The detailed financial results are fully set out in the consolidated and separate financial statements.

Going concern

The consolidated and separate financial statements were prepared on a going concern basis. The board of directors is satisfied that the group has adequate resources to continue trading for the foreseeable future, based on a formal review of the results, cash flow forecasts and assessing available resources to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Subsequent events

Management has reviewed all available information at year-end, together with the South African economic downturn due to high inflation, resultant high interest rates and continued loadshedding, and post review, this resulted in no additional adjustments or provisions required at year-end.

Refer to note 24 for detailed information regarding subsequent events.

Borrowings

Spear REIT Limited has unlimited borrowing powers in terms of the Memorandum of Incorporation (“MOI”), but the group has maintained its debt levels below 60% of its gross asset value in accordance with JSE Listings Requirements for REITs. The group is also subject to a 50% loan-to-value covenant on its bank borrowings and interest cover ratio of 2 times.

The group's overall debt was R1 488 million at the reporting date as detailed in note 7 to the consolidated financial statements.

DIRECTORS' REPORT CONTINUED

Share capital

The authorised shares of the company consist of 1 000 000 000 (one billion) ordinary shares of the same class and no par value.

There was an increase in the issued shares to 282.4 million shares from 244.8 million shares of no par value from the prior year-end.

Reconciliation of share movements:

Date	Shares (million)	Rand per share	Reason
2024/02/16	32.63	8.35	Private placement of shares
2024/02/16	4.92	8.35	Shares for cash

At the end of the current period 260 085 733 shares of no par value were in issue after deducting 22 314 509 treasury shares.

All movements in issued shares are detailed in note 13 to the financial statements.

Distribution to shareholders

The board of directors declared distribution number 15 of 40.53 cents per share on 22 May 2024.

Distribution number 14 and 15 for the year ended 29 February 2024 represents a 3.80% increase over the distribution for the year ended 28 February 2023.

Salient dates for the distribution are as follows:

	2024
Declaration date	Wednesday, 22 May
Last day to trade cum dividend distribution	Tuesday, 11 June
Shares trade ex dividend distribution	Wednesday, 12 June
Record date	Friday, 14 June
Payment date	Tuesday, 18 June

The board confirms the use of distribution per listed securities as the relevant measure of financial results for the purposes of trading statements.

Directors

The directors of the company are detailed on pages 24 and 25.

There were no changes in the directorship during the financial year.

In terms of the Memorandum of Incorporation the following directors retire at the forthcoming annual general meeting and are eligible for re-election:

- Abubaker Varachhia (Non-executive Chairman)
- Jalaloodien Ebrahim Allie
- Dr. Rozett Lucille Phillips

Company Secretary

René Cheryl Stober was appointed as the Company Secretary on 1 September 2016.

Directors' interest in ordinary shares

Directors' interest as at 29 February 2024

Directors	Directly	Indirectly	Total	%
Abu Varachhia ¹	–	15 260 880	15 260 880	5.40
Mike Flax	–	17 163 324	17 163 324	6.08
Sean McCarthy ²	–	16 224 544	16 224 544	5.75
Quintin Rossi ³	–	8 178 776	8 178 776	2.90
Brian Goldberg	–	1 342 813	1 342 813	0.48
Bongani Raziya ⁵	–	5 000 000	5 000 000	1.77
Christiaan Barnard ⁴	–	279 000	279 000	0.10
Jalal Allie	–	106 584	106 584	0.04
Roze Phillips (Dr.)	–	–	–	0.00
Total	–	63 555 921	63 555 921	22.51

DIRECTORS' REPORT CONTINUED

Directors' interest as at 28 February 2023

Directors	Directly	Indirectly	Total	%
Abu Varachhia	–	15 060 880	15 060 880	6.15
Mike Flax	–	16 963 324	16 963 324	6.93
Sean McCarthy	–	16 224 544	16 224 544	6.63
Quintin Rossi	–	7 781 987	7 781 987	3.18
Brian Goldberg	–	1 328 533	1 328 533	0.54
Bongani Raziya ⁵	–	5 000 000	5 000 000	2.04
Christiaan Barnard	–	119 585	119 585	0.05
Jalal Allie	–	106 584	106 584	0.04
Roze Phillips (Dr.)	–	–	–	0.00
Total	–	62 585 437	62 585 437	25.56

There has been no change to the directors' interests between the reporting date and the date of approval of the consolidated and separate financial statements.

JSE Listings Requirements require the following disclosures in terms of section 3.63 which only apply to the below directors:

- ¹ 15 million shares to the value of R124.97 million are pledged as security against a R74 million interest only facility with a covenant of 2 times cover. The facility also includes various other fixed assets as security.
- ² 11.694 million shares to the value of R97.64 million are pledged as security against a rolling 24-month interest only carry facility of R12.5 million with a covenant of 10.4 times cover.
- ³ 7.9 million shares to the value of R65.97 million are pledged as security against a rolling 24-month interest only facility of R19 million with a covenant of 2 times.
- ⁴ 0.27 million shares to the value of R2.33 million are pledged as security against a rolling 24-month interest only carry facility of R0.9 million that includes various other listed equities as collateral.
- ⁵ 5 million shares to the value of R41.75 million are pledged as security against a 36-month interest only loan of R29.4 million that was used to acquire the shares. The loan has an LTV of 70%.

The share price used is R8.35, being the closing price on the last business day for the year ended 29 February 2024.

Auditors

BDO South Africa Incorporated will be recommended to shareholders at the annual general meeting to continue in office in accordance with Section 90 (1) of the Companies Act.

Litigation

The directors are not aware of any legal or arbitration proceedings, that have commenced, are pending, have been threatened, or may have a material impact on the results of the group.

Holding company

Spear REIT Limited has no holding company and the main shareholders are detailed in the table above and in the separate financial statements.



2 LONG STREET, CAPE TOWN

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Spear REIT Limited



RADNOR ROAD, PAROW

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Spear REIT Limited and its subsidiaries ("the group and company") set out on pages 66 to 100, which comprise the consolidated and separate statements of financial position as at 29 February 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Spear REIT Limited and its subsidiaries as at 29 February 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Key audit matter

Valuation of Investment Properties (Notes 6 and 27)

The group and Company's investment property portfolio relates largely to Cape Town based properties.

It is the Group policy that investment property is stated at their fair values, with a minimum of one third of the portfolio being valued by an independent external valuation expert once every three financial years, whilst the remaining properties are valued by management annually.

The valuation of the Group and Company's investment property portfolio is inherently subjective due to the estimates and judgements used in determining the property fair values. These estimates and judgements include capitalisation rates, discount rates, vacancy rates, forecasted rental income and property expenses and the growth rates of these rental income and property expenses. Among other factors, the individual nature of the properties, their location taking cognisance of the tenant occupying the properties would affect the valuation of the investment property. Management also apply assumptions relating to yields and estimated market rent to arrive at the final valuation.

The valuation of investment properties was regarded as a matter of most significance in our audit of the consolidated and separate financial statements in the current year due to the significance of the balance, the estimation uncertainty and the level of judgement involved.

How our audit addressed the key audit matter

The audit procedures we performed included, amongst others, the following:

- We assessed the design and implementation of relevant controls over the valuation process. Such controls included the review and approval of the valuations by the executive committee.
- We assessed management's external valuer's ("management's expert") competence, capabilities and objectivity. The expert's independence was confirmed through written representation made in the valuation report.
- Individual investment properties were selected for testing based on a defined set of selection criteria. In respect of these properties, we made use of our valuations expertise and performed the following procedures:
 - We inspected the current year calculations, and valuation reports (where applicable) and assessed whether the valuation approach was in accordance with the IFRS Accounting Standards, suitable for use in determining the fair value for the purpose of the consolidated and separate financial statements and whether the valuations approach have been applied consistently.
 - We agreed investment property fair values to the underlying calculations and valuation reports.
 - The forecast revenue applied in the 1st year of the discounted cash flow ("DCF") was assessed for reasonability against the actual rental income, adjusted as applicable for property specific factors.
 - The projected property expenses applied in the 1st year of the DCF model were assessed for reasonability against the actual expenses, adjusted for macro-economic factors.
 - We assessed the reasonability of revenue growth rates subsequent to the initial forecast year based on our knowledge of the property, history and leases of the specific property. In addition, in respect of expenses we assessed the expense growth rates against relevant macro-economic data.
 - We assessed the reasonability of the discount and capitalisation rates applied by comparing it to prior years and independently obtained 3rd party data.
 - In respect of certain of these properties we further made use of an external auditor expert to assess the appropriateness of the key assumptions used in the determination of the fair values in accordance with the IFRS Accounting Standards.
- We evaluated whether the adequacy of the disclosures in the financial statements relating to the valuation of investment properties was in accordance with the IFRS Accounting Standards.



BLACKHEATH DC, BLACKHEATH



INDEPENDENT AUDITOR'S REPORT CONTINUED

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document "Spear REIT Limited Consolidated and Separate Financial Statements for the year ended 29 February 2024", which includes the Directors' Report, the Audit and Risk Committee Report and the Declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Spear REIT Limited Integrated Report for the year ended 29 February 2024, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS Accounting 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT CONTINUED

- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 BDO South Africa Incorporated has been the auditor of Spear REIT Limited for 9 years.



BDO South Africa Incorporated

Registered Auditors

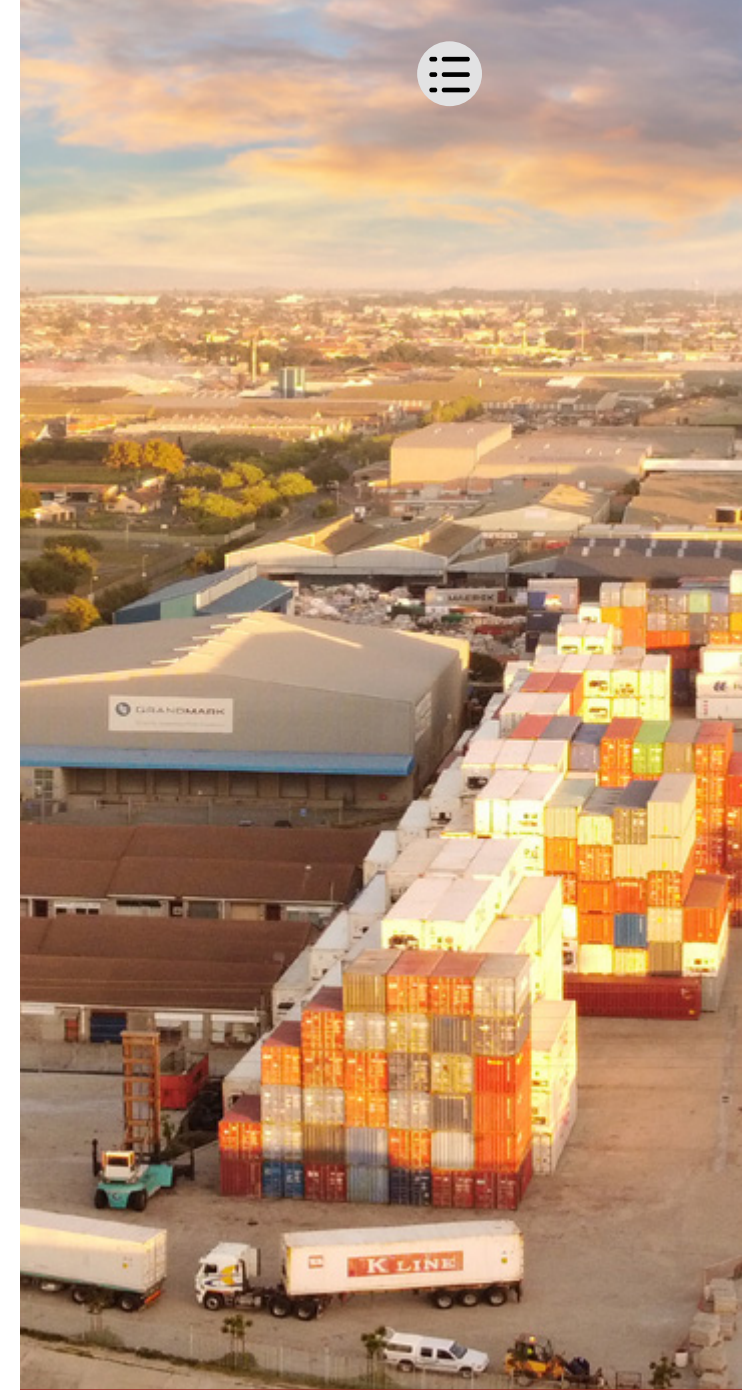
Bernard van der Walt

Director

Registered Auditor

123 Hertzog Boulevard
Foreshore
Cape Town
8001

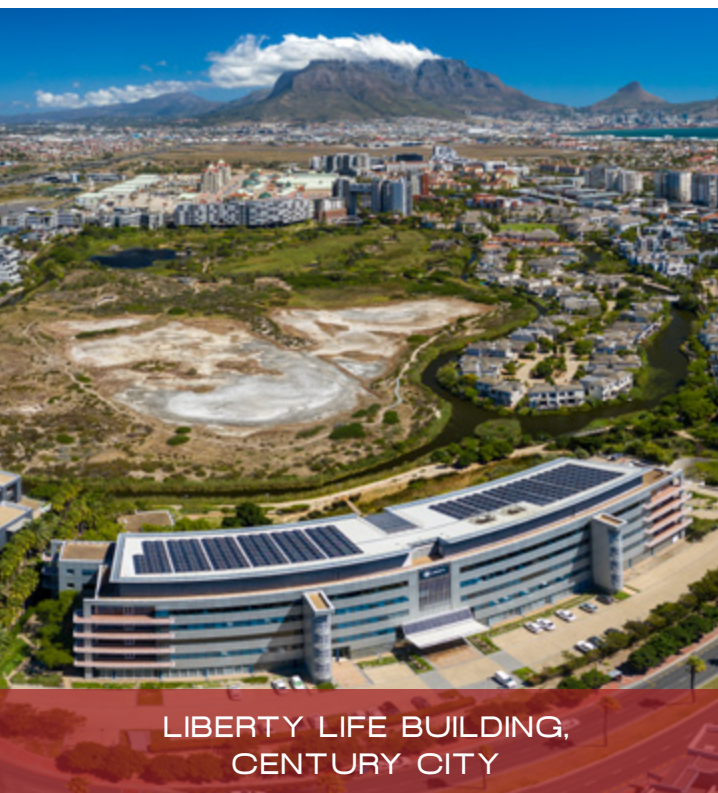
17 May 2024



Consolidated and Separate
Statement of

FINANCIAL POSITION

Spear REIT Limited and its subsidiaries for
the year ended 29 February 2024



LIBERTY LIFE BUILDING,
CENTURY CITY



	Notes	Group		Company	
		February 2024 R'000	February 2023 R'000	February 2024 R'000	February 2023 R'000
ASSETS					
Investment property (including straight-line accrual)	6.1 and 6.2	4 185 066	3 793 263	1 324 025	1 079 951
Investment in subsidiaries	8	–	–	1 695 708	1 630 608
Property, plant and equipment		500	1 041	–	–
Deferred taxation	16	433	783	–	–
Non-current assets		4 185 999	3 795 087	3 019 733	2 710 559
Investment properties held for sale	6.3	443 000	422 676	400 000	400 000
Loans to related parties	9	215	70	24 108	6 352
Trade and other receivables	10	23 337	18 296	5 915	8 697
Cash and cash equivalents	11	25 051	19 525	3 181	5 128
Other financial asset		820	1 054	–	–
Current assets		492 423	461 621	433 204	420 177
TOTAL ASSETS		4 678 422	4 256 708	3 452 937	3 130 736
EQUITY AND LIABILITIES					
Shareholders' interest					
Share capital	13	2 388 960	2 102 146	2 525 387	2 211 812
Share-based payment reserve	28	12 754	16 756	12 754	16 756
Accumulated income		666 331	475 506	167 610	133 468
Total attributable to owners		3 068 045	2 594 408	2 705 751	2 362 036
Non-controlling interest		13 112	13 112	–	–
TOTAL EQUITY		3 081 157	2 607 520	2 705 751	2 362 036
Liabilities					
Financial liabilities	7	1 247 616	1 175 273	452 576	341 394
Non-current liabilities		1 247 616	1 175 273	452 576	341 394
Financial liabilities	7	240 442	375 606	235 620	375 606
Loans from related parties	9	–	–	29 671	24 382
Lease liability		12 669	14 731	730	804
Trade and other payables	14	96 439	83 523	28 499	26 422
Taxation payable		99	55	91	91
Current liabilities		349 649	473 915	294 610	427 305
TOTAL LIABILITIES		1 597 265	1 649 188	747 186	768 699
TOTAL EQUITY AND LIABILITIES		4 678 422	4 256 708	3 452 937	3 130 735
Number of ordinary shares in issue		282 400 242	244 846 390		
Treasury shares		(22 314 509)	(18 781 172)		
Net ordinary shares in issue		260 085 733	226 065 218		
Gearing ratio – Annexure 1	(%)	31.60	36.30		
Net asset value per share	(Rands)	11.80	11.48		
Tangible net asset value per share	(Rands)	11.79	11.47		
Tangible net asset value per share net of distribution	(Rands)	11.39	11.08		

Consolidated and Separate
Statement of

COMPRE- HENSIVE INCOME

Spear REIT Limited and its subsidiaries for
the year ended 29 February 2024



OGGIE FLOORING, THE ISLAND,
PAARDEN EILAND

	Notes	Group		Company	
		February 2024 R'000	February 2023 R'000	February 2024 R'000	February 2023 R'000
Property revenue					
- Contractual rental income		440 424	427 085	175 059	154 331
- Tenant recoveries		164 206	146 002	49 645	39 419
- Distribution income		-	-	98 562	91 322
- Straight-line rental income accrual		11 263	7 066	6 355	2 378
Property revenue	17	615 893	580 153	329 621	287 450
Other income	18	3 511	1 079	2 820	59
Total revenue		619 404	581 232	332 441	287 509
Property operating and management expenses	19	(215 016)	(198 023)	(67 710)	(56 286)
Net property-related income		404 387	383 209	264 731	231 223
Administrative expenses	19	(35 901)	(36 719)	(1 319)	(1 277)
Net property operating profit		368 486	346 490	263 412	229 946
Fair value adjustment - Investment properties		176 893	(2 873)	28 379	(11 242)
Depreciation	19	(15 373)	(15 348)	(3 928)	(4 267)
Listing cost		(351)	(333)	(351)	(333)
Share-based payment expense	28	(8 454)	(7 877)	(8 454)	(7 877)
Profit from operations		521 200	320 059	279 058	206 227
Net finance cost		(156 538)	(135 326)	(71 971)	(52 522)
- Finance costs	21.1	(159 177)	(138 127)	(72 263)	(52 712)
- Finance income	21.2	2 640	2 801	292	190
Profit before taxation		364 663	184 733	207 086	153 705
Taxation	20	(1 923)	(2 528)	(1 028)	(1 753)
Profit for the year		362 740	182 205	206 058	151 952
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		362 740	182 205	206 058	151 952
Profit attributable to:					
Equity owners of parent		362 740	182 205	206 058	151 952
Non-controlling interest		-	-	-	-
		362 740	182 205	206 058	151 952
Attributable to:					
Equity owners of parent		362 740	182 205	206 058	151 952
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		362 740	182 205	206 058	151 952
- Actual number of shares in issue		282 400 242	244 846 390		
- Weighted number of shares in issue		243 210 583	231 785 456		
Basic earnings per share (cents)	3	161.57	78.61		
Diluted earnings per share (cents)	3	158.29	77.27		
Distribution per share (cents)		78.86	75.97		
Interest cover ratio (times)		2.28	2.51		

Consolidated and Separate
Statement of

CHANGES IN EQUITY

Spear REIT Limited and its subsidiaries for
the year ended 29 February 2024



BLACKHEATH DC,
BLACKHEATH



Group (R'000)	Share capital	Accumulated profit	Equity reserve	Total attributable to parent	Non-controlling interest	Total equity
Balance as at 28 February 2022	2 168 821	460 854	20 414	2 650 089	23 255	2 673 344
<i>Changes in equity:</i>						
Acquisition of non-controlling interest	(2 107)	-	-	(2 107)	(10 143)	(12 250)
Profit for the period	-	182 205	-	182 205	-	182 205
Cost to issue shares	(1 282)	-	-	(1 282)	-	(1 282)
Acquisition of treasury shares	(69 806)	-	-	(69 806)	-	(69 806)
Disposal of treasury shares	6 520	-	-	6 520	-	6 520
Distributions to shareholders	-	(167 553)	-	(167 553)	-	(167 553)
Share-based payment expense	-	-	7 877	7 877	-	7 877
Vesting conditional share plan	-	-	(11 534)	(11 534)	-	(11 534)
Balance as at 28 February 2023	2 102 146	475 506	16 757	2 594 409	13 112	2 607 521
<i>Changes in equity:</i>						
Profit for the period	-	362 740	-	362 740	-	362 740
Issue of shares	320 552	-	-	320 552	-	320 552
Acquisition of treasury shares	(42 551)	-	-	(42 551)	-	(42 551)
Disposal of treasury shares	8 813	-	-	8 813	-	8 813
Distributions to shareholders	-	(171 916)	-	(171 916)	-	(171 916)
Share-based payment expense	-	-	8 453	8 453	-	8 453
Vesting conditional share plan	-	-	(12 456)	(12 456)	-	(12 456)
Balance as at 29 February 2024	2 388 960	666 330	12 754	3 068 044	13 112	3 081 156

Company (R'000)	Share capital	Accumulated profit/(loss)	Equity reserve	Total equity
Balance as at 28 February 2022	2 212 763	149 063	20 414	2 382 240
<i>Changes in equity:</i>				
Profit for the period	-	151 952	-	151 952
Cost to issue shares	(951)	-	-	(951)
Distributions to shareholders	-	(167 547)	-	(167 547)
Share-based payment expense	-	-	7 877	7 877
Vesting conditional share plan	-	-	(11 535)	(11 535)
Balance as at 28 February 2023	2 211 812	133 468	16 756	2 362 036
<i>Changes in equity:</i>				
Profit for the period	-	206 058	-	206 058
Issue of shares	313 575	-	-	313 575
Distributions to shareholders	-	(171 915)	-	(171 915)
Share-based payment expense	-	-	8 454	8 454
Vesting conditional share plan	-	-	(12 456)	(12 456)
Balance as at 29 February 2024	2 525 387	167 611	12 754	2 705 752

Consolidated and Separate
Statement of

CASH FLOWS

Spear REIT Limited and its subsidiaries for
the year ended 29 February 2024



VIRGIN PADEL, THE ISLAND,
PAARDEN EILAND



	Notes	Group		Company	
		February 2024 R'000	February 2023 R'000	February 2024 R'000	February 2023 R'000
Cash flow from operating activities					
Cash generated from operating activities	21	365 891	348 627	261 565	221 258
Finance costs	21.1	(158 033)	(138 127)	(72 220)	(52 712)
Finance income	21.2	1 496	2 336	292	190
Distribution paid	21.4	(171 915)	(167 546)	(171 915)	(167 539)
Taxation paid	21.3	(1 674)	(3 426)	(1 160)	(1 739)
Taxation received		145	1 250	132	–
Net cash generated from operations		35 909	43 114	16 693	(542)
Cash flows from investing activities					
Acquisition of investment property	6	(218 751)	(65 273)	(190 241)	(65 364)
Cost incurred on developments	6	(13 973)	(59 460)	(8 338)	(58 469)
Cost capitalised to investment property	6	(43 687)	(23 469)	(14 690)	(8 789)
Proceeds on sale of investment property	6	37 676	164 649	–	176 649
Acquisition of property, plant and equipment		(69)	(54)	–	–
Repayment received on loan to tenant		–	4 287	–	–
Proceeds from disposal of subsidiary		–	246 000	–	–
Contribution to subsidiary		–	–	(65 100)	(72 750)
Advances of loans to related parties		–	–	(292 539)	(285 996)
Repayment of loans to related parties		–	–	263 118	275 772
Net cash used in investing activities		(238 804)	266 680	(307 790)	(38 947)
Cash flow from financing activities					
Proceeds/(Costs) to issue shares	13	313 169	(1 282)	313 575	(951)
Proceeds from financial liabilities	7.2	1 012 870	676 869	209 926	149 213
Repayment of financial liabilities	7.2	(1 076 834)	(905 812)	(238 774)	(90 399)
Repayment of related party loans	9	–	(386)	(11 005)	(19 750)
Proceeds from related party loans	9	–	–	16 293	25 002
Repayment of solar lease liability		(2 062)	(1 221)	(75)	(72)
Loan (advanced to)/received from related party	9	(145)	(70)	–	–
Acquisition of non-controlling interest		–	(12 250)	–	(12 250)
Purchase of treasury shares	13	(41 525)	(69 806)	–	–
Proceeds from sale of treasury shares	13	8 813	–	–	–
Cost of Conditional Share Plan shares issued	28	(5 865)	(5 527)	(792)	(11 535)
Net cash generated from financing activities		208 421	(319 485)	289 148	39 258
Total cash movement for the period		5 526	(9 691)	(1 947)	(231)
Cash at the beginning of the period		19 523	29 214	5 128	5 358
Cash at the end of period	11	25 049	19 523	3 181	5 127



Notes to the

FINANCIAL STATEMENTS

Accounting Policies

1. Basis of presentation of financial statements

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards board (“IASB”), South African financial reporting requirements, the JSE Listings Requirements and the requirements of the Companies Act of 2008, as amended.

The financial statements have been prepared on the historical cost basis, except where otherwise noted, and incorporate the principal accounting policies set out below. They are presented in South African Rands and are consistent with the prior financial year.

It is company policy to report net asset value per share in the annual financial statements.

1.2 Use of judgements and estimates

The preparation of the financial statements in accordance with IFRS requires management to exercise its judgement in the process of applying the group’s accounting policies and make estimates and assumptions concerning the future. The most significant judgements, estimates and assumptions that may have a material impact on the financial statements are as follows:

1.2.1 Areas of estimation uncertainty

Valuation of investment property

The board has used the best available evidence to determine the fair value of investment properties as set out in note 27 to the financial statements.

This includes current market prices for properties with similar characteristics and leases and cash flow projections. As the available information is not directly comparable to the properties within the group, the amounts are determined within a reasonable range of fair value.

The principal assumptions underlying the board’s estimation of fair value are disclosed in note 27 and include the receipt of contracted rentals, lease renewals, maintenance requirements, operational costs and appropriate discount and capitalisation rates.

1.2.2 Areas of significant judgement

Acquisition of subsidiaries that hold properties

Where the group obtains control of entities that own investment properties, or when the group acquires properties or a group of properties collectively, an evaluation is performed as to whether such acquisitions should be accounted for as business combinations or acquisitions in terms of IAS 40 Investment Properties. An acquisition is not considered to be a business combination if the definition of a business combination is not met.

Management concluded that all acquisitions of properties in the current financial year were not business combinations. Therefore these were accounted in terms of IAS 40 Investment Properties.

Other areas of significant judgement and estimations

	Note
Computation of equity-settled share-based payment	28
Expected credit loss provision for trade receivables	10

1.3 Consolidation

Subsidiaries

Subsidiaries are entities (including structured entities) over which the group has control. Control exists when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to govern the financial and operating policies thereof. Subsidiaries are consolidated from the date on which control passes to the group and are deconsolidated from the date that control ceases.

The acquisition method is used to account for business combinations.

Company financial statements

The company’s investments in subsidiary companies are carried at cost (including transaction costs) less impairment losses.

1.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors on the board, which comprises the two executive directors and two executive public officers. The executive committee allocates resources and assesses the performance of the operating segments of the group.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. Basis of presentation of financial statements (continued)

1.5 Financial instruments

Financial instruments include the following:

	Note
Loans to/(from) related parties	9
Trade and other receivables	10
Cash and cash equivalents	11
Trade and other payables	14
Financial liabilities	7

The classification of financial instruments depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows and for financial liabilities, classified according to the reason they were acquired.

At initial recognition, the company measures its financial instruments at its fair value.

Subsequent measurement of the financial instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset or the reason for acquiring the liability. The company classifies its financial instruments as carried at amortised cost except for derivatives which are held at fair value through profit and loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Interest expense from these financial liabilities is included in finance expense using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the statement of profit or loss.

Impairment of financial assets

A forward-looking allowance for expected credit losses is recognised for all debt instruments held at amortised cost. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk:

- For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month expected credit loss)
- For credit exposures with a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss)
- If a default event occurred, lifetime expected credit losses are recognised and interest income is only earned on the net balance.

Significant increase in credit risk and default are defined in note 5, Risk Management.

For trade receivables, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Twelve-month expected credit losses' are recognised as the financial instruments have not deteriorated significantly in credit quality since initial recognition. Twelve-month expected credit losses are a portion of the lifetime

expected credit losses. They are calculated by multiplying the probability of a default occurring on the instrument in the next 12 months by the total (lifetime) expected credit losses that would result from that default. They are not the expected shortfalls over the next 12 months.

The company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Refer to note 5, Risk management for detail of default event of each financial instrument class.

Derivative financial instruments

Derivatives at fair value through profit and loss comprise of interest rate swap and are either assets or liabilities and are classified as non-current due to the maturity of the carrying amount. Purchases and settlements of derivative financial instruments are initially recognised on the trade date at fair value and are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in fair value adjustments in profit and loss.

The group does not apply hedge accounting and does not enter into derivative contracts for trading or speculative purposes.

1.6 Impairment of non-financial assets

The carrying amounts of the group's non-financial assets are reviewed for indicators of impairment at each reporting date. Where such indicators exist, the asset recoverable amount is estimated.

Where the carrying value of an asset exceeds its estimated recoverable amount, the carrying value is impaired and the asset is written down to its recoverable amount.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. Basis of presentation of financial statements (continued)

1.7 Investment property

Investment property consists of property held by the group to earn rental income and capital appreciation, which is not occupied by the group.

Investment property includes property under construction/development. Investment property under construction is measured at fair value. Where the fair value of the property under construction is not reliably measurable, the property is measured at cost until the earlier of the date of construction is completed or the date the fair value becomes reliably measurable.

Investment property is initially measured at cost, which includes any directly attributable transaction costs. Certain costs relating to the asset are capitalised after the investment property has been recognised. Investment property is subsequently measured at fair value and all movements in fair value are recognised in profit or loss. The directors determine the fair value of investment property at each reporting period. In addition, external valuations are obtained as deemed appropriate and each property is externally valued at least once every three years.

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 group and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are expensed as incurred.

1.8 Investment property held for sale

The following conditions must be met for an asset or disposal group to be classified as held for sale:

- Management is committed to a plan to sell
- The asset is available for immediate sale
- An active programme to locate a buyer is initiated
- The sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)

- The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- Actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

Once a plan to dispose is initiated, the property is classified as held for sale in term of IFRS 5. A property can be available for immediate sale even though it still has a tenant occupying it. The lease will then be transferred to the new owners. Sales are initiated either directly with us or through a broker.

Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset will be measured in accordance with applicable IFRSs. Resulting adjustments are also recognised in accordance with applicable IFRSs. Investment property will continue to be measured in accordance with the IAS 40 measurement principle.

1.9 Leases

Where a company in the group is the lessor

The group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the group applies IFRS 15 to allocate the consideration under the contract to each component.

Where a company in the group is the lessee

The group, as a lessee and when considered material, recognises right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The group recognised a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities. For non-material leases, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

1.10 Property, plant and equipment

Property, plant and equipment is initially recognised at cost which includes all expenditure that is directly attributable to the acquisition of the asset.

Subsequently, all property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment. The depreciable amount of assets is depreciated on a straight-line basis, from the date they are ready for use in the manner that management intended. The depreciation rates take into account the estimated useful life and residual values of the individual items, as follows:

Computer equipment	3 years
Furniture and fixtures	6 years
Motor vehicles	5 years

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

1.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction in the share capital.

Treasury shares are acquired in the open market and the cost of such shares are recognised within equity.





NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. Basis of presentation of financial statements (continued)

1.12 Revenue

Revenue from lease agreements – IFRS 16

Revenue comprises contractual rental income and tenant recoveries. It excludes value-added tax (“VAT”). Contractual rental income is recognised on a straight-line basis over the term of the lease taking into account fixed escalation clauses. The recognition of straight-lining impact does not affect distributable earnings. Tenant recoveries are recognised as they are earned in line with the contractual rights in the leases.

Rental income received in advance is recognised as a current liability as part of trade and other payables in the statement of financial position.

Other income comprises of leasing fees, development fee income, rental loss insurance claims and distribution refunds and is exclusive of VAT. Development fee income is recognised as services are delivered on a monthly basis. Rental loss insurance claims are recognised as revenue to match the discount provided to each affected tenant. Distribution refund consists of distributions received by a seller of a property for which they received part equity as settlement consideration and they shared in distributions relating to the period before the date of transfer of the property to the group and it was contractually agreed that the distribution will be refunded for that period before transfer. Leasing fees are recognised when a new lease is entered into.

1.13 Employee benefits

Short-term employee benefits

Wages, salaries, paid leave and other costs of short-term employee benefits are recognised as employee benefit expense in profit or loss in the period in which the services are rendered.

Short term incentives

An expense is recognised in profit and loss and an accrual is raised in the statement of financial position relating to short-term bonuses where such payments can be contractually determined or an obligation has arisen from past events.

Employee share scheme

Conditional Share Plan

The group implemented and has a conditional share plan approved by shareholders. The plan is classified as an equity-settled share-based payment plan, under which it receives services from employees as consideration for equity instruments of the company.

Beneficiaries of the plan will be executives, management and employees recommended by the remuneration committee. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense on a straight-line basis over the vesting period, with a corresponding recognition in the share-based payment reserve.

The total amount expensed to profit or loss is determined by reference to the fair value of the rights to equity instruments granted, including any market performance conditions and excluding the impact of any non-market performance vesting conditions. Non-market performance vesting conditions are included in assumptions regarding the number of shares granted that are expected to vest. At the end of each reporting period, the group revises its estimates of the number of shares granted that are expected to vest and recognises the impact of any changes in profit or loss with a corresponding adjustment to equity.

The effect of all conditional shares granted is taken into account when calculating diluted earnings and diluted headline earnings per share.

Refer to note 28 for a description of the terms, the estimates used in the valuation and the accounting measurement and disclosure requirements.

1.14 Income tax

The income tax expense for the period comprises current and deferred income tax and is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it will also be recognised in other comprehensive income or directly in equity as applicable. The company is a Real Estate Investment Trust (“REIT”) and all subsidiaries in the group are “controlled companies” (as defined in the Income Tax Act). After deducting “qualifying distributions” from taxable income, income tax is payable on the income retained within the group and not distributed as a “qualifying distribution”.

Deferred income tax is recognised, using the liability method, based on the temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

1.15 Finance income and finance costs

Finance income

Finance income comprises interest earned on positive bank balances and short-term investments in an annex bond facility (notes 11 and 7).

Interest is recognised in profit or loss using the effective interest rate method.

Finance costs

Finance costs comprise interest accrued on financial liabilities and finance leases.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. Basis of presentation of financial statements (continued)

1.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or development of qualifying assets, are capitalised as part of the cost of these assets, until they are substantially ready for their intended use. Qualifying assets are those which necessarily take a substantial period of time to get ready for their intended use.

Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. The capitalisation rate is arrived at with reference to the actual rate for borrowings incurred for the specific asset or the weighted average cost of borrowings where the development is financed out of general funds.

All finance costs which are not capitalised are recognised in profit or loss.

1.17 Dividend distribution

Funds from operations is a measure of sustainable income and is determined in line with best practices as issued by the SA REIT Association guidelines. Dividend distributions are recognised as a liability in the statement of financial position in the period in which the dividends are declared. This is not in the reporting period to which the dividend relates.

2. New standards and interpretations

At the date of approval of these consolidated and separate financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's consolidated and separate financial statements.

2.1 Standards and interpretations effective and adopted in the current period

In the current period, the company has adopted standards and interpretations that are effective for the current financial period and that are relevant to its operations. Where they did not have a material effect on the company's consolidated and separate financial statements it was therefore not detailed further.

	Date adopted
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 1 (Amendment – Disclosure of Accounting Policies)	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Accounting Estimates)	1 January 2023
IAS 12 Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 January 2023

None of the above standards, amendments and interpretations that became effective during the period have had a material impact on the group.

2.2 Standards and interpretations issued but not yet effective at 29 February 2024

The company has chosen not to early adopt standards and interpretations which have been published, but that are not yet effective in the current financial year.

Standard/Interpretation:

The new standards are not expected to have a material impact.

New and amended IFRS standards	Summary of the new amended standard	Annual period beginning on or after	Impact on the group
IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-Current)	In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current	1 January 2024	Assessed to have little impact/change to the current treatment



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. Earnings per share

This note provides the obligatory information in terms of IAS 33 Earnings Per Share and SAICA Circular 1/2023 for the group and should be read in conjunction with Appendix 1, where earnings are reconciled to company funds from operations ("CFFO"). CFFO determine the dividend declared to shareholders, which is a meaningful metric for a stakeholder in a REIT.

3.1 Basic earnings per share

		2024 Number of shares	2023 Number of shares
Shares in issue			
Number of shares in issue at end of period net of treasury shares		260 085 733	226 065 218
Weighted average shares in issue net of treasury		224 512 727	231 785 456
Add: weighted potential dilutory impact of CSP		4 644 183	4 020 096
Diluted weighted average number of shares in issues		229 156 909	235 805 552
Basic earnings per share			
Earnings (profit attributable to owners of the parent)	(R'000)	362 740	182 205
Basic earnings per share	(cents)	161.57	78.61
Diluted earnings per share	(cents)	158.29	77.27

3.2 Headline earnings per share

		2024 R'000	2023 R'000
Reconciliation between basic earnings and headline earnings			
Earnings (profit attributable to owners of the parent)		362 740	182 205
Adjusted for:			
Fair value adjustments to investment properties		(176 893)	2 873
Impairment of investments		-	-
Taxation on items		-	-
Headline earnings		185 847	185 078
Headline earnings per share			
Headline earnings per share		82.78	79.85
Diluted headline earnings per share		81.10	78.49

4. Segment information

Property segment information

Segments are reported in a manner that is consistent with the internal reporting provided to the executive committee, which comprises the two executive directors and two public officers. The executive committee regularly reviews the operating results of the group's operating segments which are based on its strategic nature of investment properties:

- Industrial
- Commercial
- Retail
- Hospitality
- Development
- Non-property

The segments derive their revenue primarily from rental income from leases.

All treasury functions, corporate costs and other expenses that are not specifically attributable to individual properties are included in the "Non-property" segment.

The measurement of results reviewed by the executive committee is consistent with those presented in the consolidated and separate financial statements and the only reconciling item with the results and total assets and liabilities of the group is the effect of the straight-lining of leases.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED



4. Segment information (continued)

The segment information for the group for the year ended 29 February 2024 is set out below:

	Industrial R'000	Commercial R'000	Retail R'000	Non- property R'000	Development land R'000	Total R'000
Segment revenue	218 538	292 103	96 592	834	74	608 141
Straight-lining of leases	12 309	(1 056)	9	-	-	11 263
Net property operating profit	150 353	186 796	62 575	(31 138)	(100)	368 486
Fair value adjustments	80 312	72 718	23 863	-	-	176 893
Profit from operations	228 761	248 786	84 306	(40 553)	(100)	521 200
Finance income	504	337	1 589	135	75	2 640
Finance costs	(35 983)	(83 957)	(18 208)	(21 077)	47	(159 177)
Investment property	1 595 242	1 732 703	712 405	670	-	4 041 019
Investment property held for sale	-	443 000	-	-	-	443 000
Investment property under development and land	-	-	-	-	56 421	56 421
Straight-lining of lease asset	27 958	37 757	21 909	-	-	87 624
Total assets	2 001 916	2 105 480	840 945	(325 137)	55 218	4 678 422
Total liabilities	(520 021)	(950 975)	(50 696)	(69 282)	(6 292)	(1 597 266)

No tenants contributed 10% or more of revenue and recoveries.

The segment information for the group for the year ended 28 February 2023 is set out below:

	Industrial R'000	Commercial R'000	Retail R'000	Hospitality R'000	Non- property R'000	Development land R'000	Total R'000
Segment revenue	183 742	270 986	91 299	27 737	402	-	574 166
Straight-lining of leases	4 604	1 996	(620)	1 085	-	-	7 066
Profit from operations	183 143	92 570	102 587	(12 991)	(45 211)	(39)	320 059
Fair value adjustments	64 215	(77 328)	46 475	(34 236)	(2 000)	-	(2 873)
Net property operating profit	120 102	180 556	58 905	21 351	(34 385)	(39)	346 490
Finance income	621	414	1 598	1	106	61	2 801
Finance costs	(26 325)	(78 117)	(13 191)	(4)	(20 489)	-	(138 127)
Investment property	831 279	2 088 537	686 437	-	-	-	3 606 253
Investment property held for sale	422 676	-	-	-	-	-	422 676
Investment property under development and land	58 469	-	-	-	-	50 786	109 255
Straight-lining of lease asset	17 042	38 813	21 900	-	-	-	77 755
Total assets	1 543 405	2 032 577	791 901	-	(159 115)	47 940	4 256 708
Total liabilities	(400 028)	(1 060 998)	(203 975)	-	14 822	990	(1 649 189)





NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

5.1 Capital risk management

The group's objectives when managing capital is 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 note 7, cash and cash equivalents disclosed in note 11, and share capital as disclosed in note 13.

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

As a REIT, the company is required to declare 75% of its distributable profit as a distribution. The board has elected (subject to the availability of cash resources and legislative requirements) to declare 95.09% of the CFFO for the year ended 29 February 2024 and maintain a payout ratio of between 90% – 95% of funds from operations of the group, as a distribution on a bi-annual basis for future periods.

As a result of the group's distribution policy, capital expansion is funded through a combination of bank debt, equity funding and retained income from funds from operations. The group is subject to a loan covenant which limits the loan to value ("LTV") to 50% and targets an LTV range of between 38% and 43% over time. The group's interest rate cover must remain above 2.00 times.

The LTV ratio is calculated as total net debt divided by net total assets as prescribed by best practice recommendations ("BPR") by the SA REIT Association of 2019. Refer to Appendix 1 for detailed calculations provided and the composition of net debt and carrying value of property-related assets.

Financial risk arises from the group's exposure to financial instruments and comprises market risk (interest rate risk), liquidity risk and credit risk. The board of directors has

The LTV as at 29 February 2024 was as follows:

	Note	2024 R'000	2023 R'000
Total borrowings			
Total net debt	Appendix 1	1 463 007	1 531 354
Carrying amount of property related assets	Appendix 1	4 629 601	4 218 104
LTV ratio	(%)	31.60	36.30

5.2 Risk management

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the group's profitability or the value of its holdings of financial instruments. The group is exposed to interest rate risk, credit risk and liquidity risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated this responsibility to the audit committee, which considers the adequacy of the group's risk management framework and monitors management's implementation of risk management policies and procedures.

The group's policies are designed to ensure that appropriate risk limits have been set for financial risks and that adherence to these limits are monitored continuously.

Interest rate risk

The company's interest rate risk arises from financial liabilities, cash and cash equivalents and other financial assets. Debt at variable rates expose the company to cash flow interest rate risk, which is partially offset by cash held at variable rates. During FY2024, the company's debt were denominated in South African Rand.

The interest rate exposure of the group to interest-bearing financial instruments is as follows as at 29 February 2024:



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

5.2 Risk management (continued)

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<i>Fair value interest rate risk</i>				
– Fixed rate debt				
Standard bank	589 227	495 024	355 389	261 630
Nedbank	101 848	326 000	–	–
Total	691 075	821 024	355 389	261 630
<i>Cash flow interest rate risk</i>				
– Variable-rate instrument				
Standard bank	257 602	397 565	257 602	397 565
Nedbank	539 381	332 289	75 205	57 805
Total	796 983	729 854	332 806	455 370
<i>No interest rate risk</i>				
Cash and cash equivalents	25 051	19 525	3 181	5 128
Trade and other receivables	23 337	18 296	5 915	8 697
Trade and other payables	96 439	83 523	28 499	26 422
Loan to related parties	215	70	24 108	6 352
Loans from related parties	–	–	29 671	24 382
Total	145 042	121 414	91 374	70 981

Fair value interest rate risk

At period end there was no change in the fair value of fixed rate risk due to the unchanged interest rates. Therefore the carrying amount of financial instruments approximates fair value.

The group's sensitivity to interest rate fluctuations as at 29 February 2024 is illustrated below:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<i>Sensitivity analysis to interest rates</i>				
Increase in earnings if interest rates had been 0.5% lower during the year	3 985	3 649	1 664	2 277
Decrease in earnings if interest rates had been 0.5% higher during the year	(3 985)	(3 649)	(1 664)	(2 277)

The sensitivity analysis assumes all other items remain unchanged and is based on the variable borrowings at the end of the reporting period.

The only significant interest rate risk arises on financial liabilities. The company manages its cash flow interest rate risk by fixing interest rate bonds within a range of 65% – 75% of gross debt from banks if market conditions allows. Fixed interest rate loans have the economic effect of protecting the company from interest rate increases due to the weak economic environment and political uncertainty.

The board approved the temporary strategy to have the fixed debt ratio below the target range during the 2024 financial year. This was due to the hedging products available being priced significantly higher than variable debt due to the uncertainty about further interest rate increases across global economies. The forward rate agreement and interest rate swap curves started declining in the fourth quarter of FY2024 and the fixing strategy was re-activated to achieve the target fixed ratio in the short term while also taking into consideration the settlement of R375 million of variable debt post year-end from the disposal of Liberty Life Building.

Generally, the company raises long-term debt at a margin above the 3-month JIBAR rate, but with each transaction the fixed rate available on the required debt is reviewed together with the risk of an interest rate change and the current fixed-to-floating-rate ratio to ensure the ratio remains in the target range as set by management.

	Group	
	2024 R'000	2023 R'000
Variable debt	796 983	729 855
Fixed debt	691 075	821 024
Cash and cash equivalents	(25 051)	(19 525)
Total net debt	1 463 007	1 531 354
Percentage fixed (%)	47.24	53.61

Refer to note 7 for details of the facilities the group has with Nedbank and Standard bank.





NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

5.2 Risk management (continued)

Credit risk

Management assessed which business models apply to the financial assets and liabilities held by the company and has classified its financial instruments into the appropriate IFRS 9 categories. Management remains of the opinion that the financial instruments of the company should be carried at amortised cost.

The company has the following financial assets that are subject to IFRS 9's expected credit loss model:

	Note
Loans to/(from) related parties	9
Trade and other receivables	10
Cash and cash equivalents	11

Credit risk analysis

The group is principally exposed to credit risk as a result of its receivable balance from tenants, loans to related parties, financial assets and cash balances with financial institutions. The carrying values as at 29 February 2024 in the statement of financial position represent the maximum exposure to credit risk.

Trade receivables

At initial recognition credit risk of trade receivables is evaluated with reference to available historical and forward-looking financial information. The group has strong credit vetting procedures in place before entering into lease agreements with new tenants whereby a credit rating is determined for each new applicant. If customers are independently rated, such as blue chip companies, these ratings are used. However, 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 from the resources available to Spear. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored. Based on credit rating achieved, the tenant will

be approved and required to provide guarantees in terms of deposits, bank guarantees or suretyships.

At each month-end the credit risk is reviewed to determine if the credit risk has increased from initial recognition. This is done through determination of the outstanding balance, the reason provided for non-payment, the history of the tenant, forward-looking financial strength and the form of guarantee the group has to reduce the credit risk exposure.

Per the lease agreements, default occurs the day after the rental is due as agreed per each lease agreement. Default in this regard is not considered to be an expected credit loss event and will then rather follow the normal group collection process. The process also drives the increasing

credit risk view from initial recognition. Specific provision per tenant is made for expected credit losses if trade receivables are 120 days past due and if management has been advised to take judgement and no repayment agreement has been reached. 150 days past due accounts are written off if no agreement is reached or no legal advice has been obtained regarding collectability.

The group applies the IFRS 9 simplified approach to measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables within the developed provision matrix.

		Current	31 – 60 days past due	61 – 90 days past due	90 – 120 days past due	More than 120 days past due
29 February 2024						
Lifetime expected credit losses	(%)	5	5	7	10	45

Overall the group experienced reducing risk and an overall improvement in payments and reducing arrears of tenants as economic activities improved during the financial year. However, loss limits for the financial year was unadjusted to account for the high interest rate economic environment in which all companies are operating and the risk of cash availability to settle debtors.

		Current	31 – 60 days past due	61 – 90 days past due	90 – 120 days past due	More than 120 days past due
28 February 2023						
Lifetime expected credit losses	(%)	5	5	7	10	45

Refer to note 10 for detail of the expected future credit losses.

Financial assets

At initial recognition the credit risk of financial assets is evaluated with reference to available historical and forward-looking financial information of each transaction on its own merit. Change in credit risk from initial recognition on financial assets is determined at each period end that cash flows are expected from the counterparty as per the agreements reached. The main factor that would increase the credit risk of a financial asset would be if there is any evidence that non-payment of expected cash flows would occur. Default for financial assets is considered to be non-

performance on the cash payments when they become due.

The group had no recognised financial asset in the current and prior financial period.

Cash and cash equivalents

All short-term funds are invested with reputable financial institutions. Cash balances are only retained for working capital requirements. Refer to note 11 for detail of cash balances as at 29 February 2024.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

5.2 Risk management (continued)

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

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Financial institution				
Nedbank (Rating – Ba2)	7 790	10 377	3 181	5 128
Investec (Rating – Ba2)	17 261	9 148	–	–
	25 051	19 525	3 181	5 128

The ratings were obtained from Moody's. The ratings are based on long-term investment horizons. The ratings indicate that expectations of default risk have remained consistent from the prior period where the rating was Ba2. 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 credit losses from non-performance by this counterparty. The group will continue to transact with these entities given the fact that any rating change will be experienced industry-wide and due to the current rating not placing the current institutions utilised in any disadvantaged position against other institutions in South Africa.

Loan to related parties

The loans granted to subsidiaries are repayable on demand and are interest free. Accordingly, the increase in credit risk and expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If repayment of the loans were to be demanded at the reporting date, the company would be able to fully recover the outstanding balance of the loan within a timeframe that results in the effects of any discounting being immaterial.

Financial assets exposed to credit risk at the end of the period were as follows:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Financial instrument				
Cash and cash equivalents	25 051	19 525	3 181	5 128
Trade and other receivables	23 337	18 296	5 915	8 697
Loan to related parties	215	70	24 108	6 352
	48 603	37 891	33 204	20 177

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and loans to related parties approximates their fair value.

Liquidity risk

Liquidity risk is defined as the risk that the group would not be able to settle or meet its obligations when due. Management monitors the group's net liquidity position on a continuous basis on the basis of expected cash flows.

The group is exposed to liquidity risk in respect of financial liabilities, loans from related parties and trade and other payables and is a result of the funds not available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management seeks to minimize its exposure to liquidity risk by reducing its exposure to interest rate risk through its fixing of long-term debt. Management also reduces refinancing risk through regularly reviewing the maturity profile of its financial liabilities and utilising facilities with differing maturities to reduce maturity concentration.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

5.2 Risk management (continued)

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.

	Group					Company		
	Less than 1 year R'000	Between 1 and 3 years R'000	Between 3 and 4 years R'000	4 years and longer R'000	Total R'000	Less than 1 year R'000	Between 2 and 5 years R'000	Total R'000
At 29 February 2024								
Financial liabilities (bank debt)	360 957	853 419	352 378	235 710	1 802 464	280 055	486 950	767 005
Trade and other payables	96 439	-	-	-	96 439	28 499	-	28 499
Loan from related party	-	-	-	-	-	29 671	-	29 671
	457 396	853 419	352 378	235 710	1 898 903	338 225	486 950	825 174

At maturity date of various debt with financial institutions the debt will either be settled with available resources or refinancing will commence, usually three to six months prior to maturity of the debt.

	Group					Company		
	Less than 1 year R'000	Between 1 and 3 years R'000	Between 3 and 4 years R'000	4 years and longer R'000	Total R'000	Less than 1 year R'000	Between 2 and 5 years R'000	Total R'000
At 28 February 2023								
Financial liabilities (bank debt)	487 558	861 651	251 237	251 153	1 851 599	416 591	383 509	800 100
Trade and other payables	81 666	-	-	-	81 666	22 231	-	22 231
Loan from related party	-	-	-	-	-	24 382	-	24 382
	569 224	861 651	251 237	251 153	1 933 265	463 204	383 509	846 713



NORTHGATE PARK, BROOKLYN

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. INVESTMENT PROPERTIES (INCLUDING STRAIGHT-LINE ACCRUAL)

Investment property

	Note	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
Investment property (excluding lease asset)	6.1	4 041 018	3 606 251	1 290 726	994 538
Investment properties under development	6.2	56 422	66 161	3 660	62 129
Investment properties held for sale	6.3	443 000	422 676	400 000	400 000
Land held for future development	6.4	-	43 095	-	-
Straight-lining of lease asset	6.1	87 625	77 755	29 640	23 285
		4 628 065	4 215 938	1 724 036	1 479 952

Reconciliation of investment property categories

	Note	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
6.1 Investment property (Including lease asset)					
Opening balance		3 684 006	4 356 469	1 017 823	1 462 050
Acquisitions		218 751	65 273	190 241	65 364
Net cost capitalised		28 923	20 007	10 772	4 532
Fair value adjustments		176 893	(1 155)	28 379	(9 523)
Transfer to held for sale		(43 000)	(422 676)	-	(400 000)
Transfer from development		66 807	-	66 807	-
Transfer to development		-	-	-	-
Disposal		(15 000)	(340 978)	-	(106 978)
Straight-line adjustment		11 263	7 066	6 355	2 378
Closing balance		4 128 643	3 684 006	1 320 376	1 017 823
6.2 Investment properties under development					
Opening balance		66 161	7 692	62 129	3 660
Transfer from investment property		-	-	-	-
Transfer from land held for development		43 009	-	-	-
Cost capitalised		12 066	56 433	6 430	56 433
Borrowing cost capitalised		1 994	2 036	1 907	2 036
Transfer to investment property		(66 807)	-	(66 807)	-
Closing balance		56 422	66 161	3 660	62 129

	Note	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
6.3 Investment properties held for sale					
Fair value		443 000	422 676	400 000	400 000
Carrying value		443 000	422 676	400 000	400 000
<i>Movement in investment properties held for sale:</i>					
Carrying value at beginning of period		422 676	71 400	400 000	71 400
Cost incurred during disposal process		-	-	-	-
Transfer from investment property	6	43 000	422 676	-	400 000
Disposals		(22 676)	(71 400)	-	(71 400)
Carrying value at end of the period		443 000	422 676	400 000	400 000
6.4 Land held for future development					
Opening balance		43 095	42 105	-	-
Cost capitalised		-	990	-	-
Acquisitions		-	-	-	-
Transfer to development		(43 095)	-	-	-
Closing balance		-	43 095	-	-

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is kept by the company.

Borrowing cost to the value of R2 million was capitalised to investment property during FY2024 (2023: R2 million).

The capitalisation rate used for general and specific funding was 3-month JIBAR plus 1.95%. (2023: 3-month JIBAR plus 1.95%).

Interest is only capitalised once development work has started on any project and is capitalised at the specific rate of the bank funding obtained for the development.

Securities

Investment properties to the value of R4 551 844 are encumbered as security against the group's loan facilities (note 7).

Details of valuation

Refer to note 27 for details on the fair values of investment properties.

All revenue and operating expenditure is derived from investment properties.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. Financial liabilities

7.1 Analysis of net debt

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Secured debt held at amortised cost				
Non-current				
Nedbank	636 407	658 289	75 205	57 805
Standard Bank	611 209	516 984	377 371	283 589
	1 247 615	1 175 273	452 576	341 394
Current				
Nedbank	4 822	–	–	–
Standard Bank	235 620	375 606	235 620	375 606
	240 442	375 606	235 620	375 606
Total gross debt	1 488 058	1 550 879	688 196	717 000
Cash and cash equivalents	(25 051)	(19 525)	(3 181)	(5 128)
Total net debt	1 463 007	1 531 354	685 015	711 872

The summarised terms of the loans are as follows: All loans are interest only with capital due at expiry.

	Type	Average interest rate %	Average expiry months
Standard Bank	Variable 3-month JIBAR	10.22	9.53
Standard Bank	Fixed –	8.42	22.69
Nedbank	Variable 3-month JIBAR	10.24	35.44
Nedbank	Fixed –	9.46	32.55

7.2 Reconciliation of cash movement in net debt for the year ended 29 February 2024

	Group			2024 R'000
	2023 R'000	Interest R'000	Cash flows R'000	
Gross debt	1 550 879	158 033	(222 524)	1 486 388
Cash and cash equivalents	(19 523)	–	(5 526)	(25 049)
	1 531 356	158 033	(228 051)	1 461 339

The cash flows have been analysed below:

	Group			
	Proceeds from bank R'000	Repayment of bank loans R'000	Net income (expense) inflow/outflow R'000	Total cash flows R'000
Gross debt	1 012 870	(1 076 834)	(158 560)	(222 524)

	Company			2024 R'000
	2023 R'000	Interest R'000	Cash flows R'000	
Gross debt	717 000	72 220	(101 068)	688 152
Cash and cash equivalents	(5 128)	–	1 947	(3 181)
	711 872	72 220	(99 121)	684 971

The cash flows have been analysed below:

	Company			
	Proceeds from bank R'000	Repayment of bank loans R'000	Net income (expense) inflow/outflow R'000	Total cash flows R'000
Gross debt	209 926	(238 774)	(72 220)	(101 068)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. Investment in subsidiaries

	Acquisition date	Holding	Group		Company	
			2024 %	2023 %	2024 Carrying amount R'000	2023 Carrying amount
Spear Holdco Proprietary Limited	2016/11/01	Direct	100	100	1 461 212	1 396 112
Webram Four Proprietary Limited	2018/07/01	Direct	100	100	201 429	201 429
George Aerotropolis Proprietary Limited	2019/10/07	Indirect	75.6	75.6	33 067	33 067
Fundamental Holdings Proprietary Limited	2016/11/01	Indirect	100	100	-	-
Spear One Proprietary Limited	2017/02/02	Indirect	100	100	-	-
					1 695 708	1 630 608

100% of the group interest in Blend Property 15 Proprietary Limited was disposed of effective 2 February 2023 for a consideration of R246 million (assets R246 million and liabilities R0) relating to the hotel.

The following information is provided for subsidiaries with non-controlling interest which are material to the reporting company.

The summarised financial information is provided prior to inter-company elimination.

	George Aerotropolis Proprietary Limited	
	2024 R'000	2023 R'000
Percentage ownership (%)	75.6	75.6
Statement of financial position		
Non-current assets	49 164	43 529
Current assets	2 631	1 039
Total assets	51 795	44 568
Non-current liabilities	4 822	-
Current liabilities	-	-
Total liabilities	4 822	-
Non-controlling interest	13 112	13 112
Statement of comprehensive income		
Total revenue	74	-
Loss from operations	(100)	(39)
Profit for the year	22	22
Profit attributable to: Equity owners of parent	22	22
Profit attributable to: Non-controlling interest	-	-
Statement of cash flows		
Net cash generated from operations	1 552	(125)
Net cash used in investing activities	(5 598)	(990)
Net cash generated from financing activities	4 746	-
Total cash movement for the period	700	(1 115)
Dividend paid to non-controlling interest	-	-

All subsidiaries are incorporated in South Africa and are held directly or indirectly by the company through ordinary shares.

*A controlling share was acquired in George Aerotropolis Proprietary Limited for R16.4 million cash in 2019, linked to the proportionate fair value of the land the company owns, and a further 25% was acquired in 2023 for R12.25 million.

Refer to note 9 for details of amounts owing by subsidiaries and related parties.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. Loans to/(from) related parties

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Entities with common directors or trustees				
VAXR Trust (controlled by directors)	215	70	–	–
Subsidiary				
Spear Holdco Proprietary Limited	–	–	24 070	6 262
Webram Four Proprietary Limited	–	–	(29 671)	(24 382)
George Aerotropolis Proprietary Limited	–	–	38	89
All related party loans are unsecured, interest free and repayable on demand.				
Current assets	215	70	24 108	6 352
Current liabilities	–	–	(29 671)	(24 382)
	215	70	(5 562)	(18 031)

Credit quality of loans to related parties

The credit quality of loans to related parties is high due to them being evaluated with reference to available financial information and history with the company.

10. Trade and other receivables

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Trade receivables (tenants)	23 656	19 493	4 100	5 678
Allowance for expected credit loss	(2 344)	(3 646)	–	–
Rental guarantees receivable*	–	546	–	546
Property utility deposits	2 018	1 902	1 815	1 699
Staff loans	7	–	–	–
Total at amortised cost	23 337	18 296	5 915	8 697

All trade and other receivables are denominated in South African Rands and the carrying amounts approximate their fair value.

*Rental guarantees provided for the acquisition of the 27 Junction property for the period. Pepkor has beneficial occupation.

Credit quality of trade receivables

The credit quality of trade receivables is high due to them being evaluated with reference to available financial information and history with the company as per note 5 and can be categorised into the following groups:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Large national, large listed and government tenants	5 422	4 076	1 306	3 372
Smaller international and national tenants	3 580	8 582	820	1 567
Other local tenants and sole proprietors	14 654	6 835	1 974	739
	23 656	19 493	4 100	5 678
The maximum exposure to credit risk for trade and other receivables are the carrying values.				
Ageing of trade receivables				
The ageing of trade receivables at year-end was as follows:				
Current – up to 30 days	6 927	5 213	1 575	2 081
Past due – between 31 and 90 days	6 309	2 490	1 616	652
Past due – 91 days and longer	10 420	11 789	909	2 945
	23 656	19 493	4 100	5 678

Expected credit losses

The group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the group's customers. The group has identified high inflation, high interest rates, gross domestic product (GDP) growth, rising utility costs, and loadshedding as the key macroeconomic factors in South Africa. The five-year average historical loss rate experienced by the group amounted to 0.44% of total revenue per financial year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. Trade and other receivables (continued)

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Opening loss allowance	3 646	5 059	–	–
Loss allowance recognised	–	1 000	–	–
Loss allowance utilised	(1 302)	(2 413)	–	–
Closing loss allowance	2 344	3 646	–	–

Post year-end receivables as at 30 April 2024 have been reduced to R7.5 million (R6.6 million excluding VAT) from R23.6 million, further reducing the risk of non-collection. The simplified approach for recognising expected credit loss has been applied and lifetime expected credit losses have been assessed as being not material and limited to the value as recognised above, and there are no non-current receivable balances.

11. Cash and cash equivalents

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Composition of cash and cash equivalents				
Current accounts	6 886	9 339	3 181	5 128
Cash on call	18 165	10 186	–	–
	25 051	19 525	3 181	5 128

Credit exposure of cash and cash equivalents

Amounts in current and call accounts are invested with reputable institutions.

12. Treasury shares

	Notes	Group	
		2024 Number of shares	2023 Number of shares
Reconciliation of treasury shares held			
Opening balance		18 781 172	10 414 513
Acquisitions		5 592 674	9 224 592
Disposal		(1 172 984)	–
CSP settlement		(886 353)	(857 933)
Total shares held	13	22 314 509	18 781 172
Market value of shares held at year-end	R'000	186 326	138 042

13. Share capital

	Group 2024		Company 2024	
	Number of shares	Value of shares R'000	Number of shares	Value of shares R'000
Authorised				
1 000 000 000 ordinary shares of the same class and no par value				
Issued				
260 085 733 ordinary shares of the same class and no par value	260 085 733	2 388 960	282 400 242	2 525 387

The unissued shares are under the control of the directors (subject to limitations set by shareholders' resolutions) until the next annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. Share capital (continued)

	Notes	Group 2024		Company 2024	
		Number of shares	Value of shares R'000	Number of shares	Value of shares R'000
Opening balance		226 065 218	2 102 146	244 846 390	2 211 812
Add back:					
Treasury shares prior period		18 781 172	134 032	–	–
Private placement of shares		32 634 730	272 500	32 634 730	272 500
Shares for cash		4 919 122	41 075	4 919 122	41 075
Share issue cost		–	(406)	–	–
Treasury shares at cost	12	(22 314 509)	(160 387)	–	–
Closing balance		260 085 733	2 388 959	282 400 242	2 525 387

	Group 2023		Company 2023	
Reconciliation of number of shares issued	Number of shares	Value of shares R'000	Number of shares	Value of shares R'000
Opening balance	234 431 877	2 168 821	244 846 390	2 211 763
Add back: Treasury shares prior period	10 414 513	78 325	–	–
Acquisition of NCI	–	(12 250)	–	–
Share issue cost	–	1 282	–	49
Treasury shares at cost	(18 781 172)	(134 032)	–	–
Closing balance	226 065 218	2 102 146	244 846 390	2 211 812

A total of 5.59 million ordinary shares were repurchased at an average price of R7.43 and held as treasury shares in a subsidiary company from prior year-end.

A total of 1.17 million ordinary shares were sold at an average price of R7.51 from treasury shares held pre the AGM held in June 2023.

14. Trade and other payables

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Tenant deposits	50 542	39 162	11 989	10 675
Trade payables	13 776	11 126	3 375	2 999
Other accruals	5 416	10 211	1 195	1 884
Trade receivables with credit balances	15 941	16 396	9 424	10 094
Accrual for audit fees	730	807	–	–
Payroll accruals	1 786	3 151	–	–
Non-controlling interest profit – GAT	41	42	–	–
Adjustment account liability properties sold	133	770	–	770
Total at amortised cost	88 364	81 666	25 983	26 421
VAT payable	8 074	1 857	2 516	–
Other payables	–	–	–	–
Total trade and other payables	96 439	83 523	28 498	26 421

15. Future lease payments receivable

Contractual future lease receivables are as follows:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Within 1 year	417 644	391 027	165 059	164 921
Year 2	317 992	296 051	113 183	119 878
Year 3	228 391	203 780	80 557	71 297
Year 4	130 177	144 806	41 379	50 692
Year 5	105 911	88 503	34 209	32 129
More than 5 years	250 501	269 649	122 778	149 946
	1 450 616	1 393 815	557 164	588 863

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16. Deferred taxation

With effect from 1 November 2016, the company and controlled property subsidiaries converted to REITs. As a result, section 25BB of the Income Tax Act will apply to qualifying REIT income and expenses. The legislation provides that capital gains on sale of investment properties are disregarded and previous building allowances claimed will be recouped at 27%. All rental income and dividends from property subsidiaries will be taxed at 27% (company tax rate changed from 28% effective 1 March 2023) and any dividends paid from these taxable profits will be deductible at 27%. Any amount in respect of a financial instrument will be taxed at 27%. As the group has not currently decided to pay out capital profits as dividends, income tax could arise on recoupment when investment properties are sold. This income tax is shielded by an accumulated loss.

	Group	
	2024 R'000	2023 R'000
Opening balance	783	1 228
Assessed losses utilised	(349)	(445)
Net deferred tax asset	434	783

A deferred tax asset has been recognised for all assessed losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The total assessed losses for the group amount to R2 million and will be utilised through profits not distributed.

Spear REIT Limited has no deferred taxation asset or liability recognised.

17. Revenue

Revenue comprises gross contractual rentals as well as contractual recoveries of utility costs, property taxes and operating costs as applicable, adjusted for the accounting straight-lining of lease income. For the company, revenue also includes dividends received from subsidiary companies.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Contractual rental income (IFRS 16)	440 424	427 085	175 059	154 331
Straight-line rental accrual	11 263	7 066	6 355	2 378
Operating expenditure recoveries	22 962	19 911	12 876	11 449
Utility recoveries	141 244	126 091	36 770	27 970
Distribution received from subsidiaries	–	–	98 562	91 322
	615 893	580 153	329 621	287 450

Straight-line rental accrual revenue is an IFRS recognised item that does not form part of the

group distributable funds from operations and is recognised in terms of being IFRS compliant.

18. Other income

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Fee recoveries	9	18	1	4
Lease fees	318	220	70	52
Bad debts recovered	359	41	–	–
Insurance claims	3	644	3	–
Other income	2 822	155	2 746	3
	3 511	1 079	2 820	59

Revenue was recognised as the performance obligation was satisfied by transferring the promised service per the lease agreement to the tenants.

19. Expenses by nature

Property operating expenditure	Notes	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
Employee benefits	19.1	26 271	27 480	–	–
Head office expenditure	19.4	9 630	9 239	1 319	1 277
Property operating expenditure	19.4	215 016	198 023	67 710	56 286
Depreciation	19.4	15 373	15 348	3 928	4 267
Total		266 291	250 090	72 958	61 830

All properties of the company are income-generating and generated income for the full period ended 29 February 2024 or from acquisition date, except for the land acquired.

19.1 Employee benefits

	Notes	Group	
		2024 R'000	2023 R'000
Salaries and wages		8 746	8 229
Non-executive directors' fees	19.2	3 230	2 826
Executive directors' emoluments	19.3	14 296	16 425
		26 271	27 480

All employee benefits are paid from Spear Holdco Proprietary Limited and none from Spear REIT Limited.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. Expenses by nature (continued)

19.2 Non-executive directors' fees

The following fees were paid to non-executive directors for their services as directors:

Director		Group	
		2024 R'000	2023 R'000
Abu Varachhia	Non-executive chairman	711	659
Mike Flax	Non-executive deputy chairman	699	647
Jalal Allie	Lead independent non-executive	371	340
Brian Goldberg	Independent non-executive	390	346
Niclas Kjellström-Matseke (resigned 20 January 2023)	Independent non-executive	–	210
Bongani Raziya (appointed 8 February 2023)	Independent non-executive	385	18
Roze Phillips (Dr.)	Independent non-executive	324	297
Sean McCarthy	Non-executive	350	309
		3 230	2 826

Non-executive fees are paid from Spear Holdco, a subsidiary and the operating company of the group.

19.3 Executive directors' emoluments

Remuneration paid to executive directors comprised of:

Director	Year ended 29 February 2024					Total share-based payment expense R'000
	Salary R'000	Other benefits R'000	Performance bonus (STI) R'000	Long-term incentive vested R'000	Total R'000	
Quintin Rossi CEO	3 389	335	1 334	2 880	7 939	1 111
Christiaan Barnard CFO	2 402	248	827	2 880	6 357	1 013
	5 791	584	2 161	5 760	14 296	2 124

Director	Year ended 28 February 2023					Total share-based payment expense R'000
	Salary R'000	Other benefits R'000	Performance bonus (STI) R'000	Long-term incentive vested R'000	Total R'000	
Quintin Rossi CEO	3 144	297	2 764	3 034	9 239	1 582
Christiaan Barnard CFO	2 228	210	1 713	3 034	7 186	1 582
	5 372	507	4 477	6 068	16 425	3 165



1 WATERHOUSE PLACE,
CENTURY CITY



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. Expenses by nature (continued)

19.4 Operating, head office expenditure and depreciation

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Property taxes and utility expenses	138 594	127 039	39 984	33 232
Property operational costs	54 216	54 663	21 560	18 552
Repairs and maintenance	22 207	16 321	6 167	4 502
Depreciation	15 373	15 348	3 928	4 267
Auditor's remuneration	1 200	1 104	-	-
Accounting and taxation fees	73	80	8	11
Bad debts written off	1 566	3 325	-	-
Allowance for expected credit loss utilised	(1 566)	(2 325)	-	-
Employee benefits	26 271	27 480	-	-
Other operating expenditure	8 357	7 055	1 311	1 266
	266 291	250 090	72 958	61 830

20. Taxation

	Note	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
<i>Current tax</i>					
Payment relating to prior period assessments		(117)	(731)	(76)	(90)
Refunds relating to prior period assessments		145	1 326	132	-
Provisional income tax paid current period	20.1	(1 601)	(2 678)	(1 084)	(1 663)
		(1 573)	(2 083)	(1 028)	(1 753)
<i>Deferred tax</i>					
Originating and reversing temporary differences		(349)	(445)	-	-
		(1 923)	(2 528)	(1 028)	(1 753)

The company is a Real Estate Investment Trust (REIT) and all subsidiaries in the group are "controlled companies" as defined in the Income Tax Act. After deducting the "qualifying distribution", being 95.09% of distributable profit from taxable income, the above income tax was payable in the current period.

The company has no liability for normal taxation if all cash profits, excluding capital, is paid out as a distribution (qualifying distribution)/debenture interest and shareholders/linked unitholders are consequently subject to tax according to the individual linked unitholder's tax status.



BRAVO BRANDS, BLACKHEATH
PARK, BLACKHEATH



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Taxation (continued)

20.1 Reconciliation of tax expense

Notes	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Reconciliation between accounting profit and tax expense (%)	27	28	27	28
Accounting profit	364 663	184 733	207 086	153 705
Tax at applicable rate	98 459	51 725	55 913	43 037
Non-deductible and non-taxable items in the income statement	(45 864)	357	(30 222)	(20 883)
Taxable earnings	52 594	52 082	25 691	22 154
Less: Qualifying distribution	(46 951)	(48 928)	(20 933)	(20 492)
Less: Antecedent dividend	(4 278)	–	(4 278)	–
Taxable profit	1 366	3 155	481	1 662
Assessed loss utilised	(337)	(476)	–	–
	1 029	2 679	481	1 662
Unadjusted tax receivable	572	–	604	–
Provisional income tax paid	20	1 601	1 084	1 662

The difference between taxation paid and reconciliation is due to estimates made at provisional payment date compared to tax computation prepared after year-end that is yet to be reviewed by SARS. The difference is not material and as over-payments were made, no adjustment was made as management prefers to have SARS complete their reviews prior to making adjustments to tax provisions.

Material items included in non-deductible and non-taxable items include fair value adjustment of R177 million (2023: R2.9 million) and lease smoothing of R11.2 million (2023: R7.1 million).

The estimated tax loss available for set-off against future taxable income is R2 million (FY2023: R3 million) after the prior period utilisation of the assessed loss.

21. Cash generated from/(used in) operations

Notes	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Cash generated from operations				
Profit before tax:	364 663	184 733	207 086	153 705
Adjusted for:				
Straight-line rental income accrual	(11 263)	(7 066)	(6 355)	(2 378)
Depreciation	15 373	15 348	3 928	4 267
Fair value adjustment – Investment property	6	2 873	(28 379)	11 242
Finance income	21.2	(2 640)	(292)	(190)
Finance cost	21.1	159 177	72 263	52 712
Share-based payment expense	28	8 454	8 454	7 877
Working capital movements				
Trade and other receivables	10	(5 041)	2 782	(5 956)
Trade and other payables	14	14 060	2 077	(21)
		365 891	348 627	261 565
Notes to the cash flow statement				
21.1 Finance costs				
Interest paid on bank loans		159 008	72 143	52 706
Interest accrual at year-end		(1 144)	(43)	–
Interest paid on deposits		157	114	32
Interest paid on bank accounts		12	7	(26)
		158 033	72 220	52 712

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. Cash generated from/(used in) operations (continued)

Notes	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
21.2 Finance income				
Interest earned on late payment from tenants	(1 146)	(982)	(157)	(100)
Interest earned on debt facilities	1 144	465	-	-
Interest earned on financial asset	-	-	-	-
Interest earned on call accounts	(1 494)	(1 819)	(135)	(90)
	(1 496)	(2 336)	(292)	(190)
21.3 Tax paid				
Taxation per the income statement	(1 923)	(2 528)	(1 028)	(1 753)
Taxation payable end of period	-	(16)	-	14
Taxation refunds received during period	(101)	(1 326)	(132)	-
Deferred tax utilisation	349	445	-	-
Balance (paid)/received during the period	(1 674)	(3 425)	(1 160)	(1 739)
21.4 Distribution paid				
Dividend of prior period paid	(86 465)	(81 986)	(86 465)	(81 986)
Interim dividend paid	(85 451)	(85 560)	(85 451)	(85 560)
Antecedent dividend paid	-	-	-	-
	(171 915)	(167 546)	(171 915)	(167 546)

22. Capital commitments

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Contracted for acquisition of new land and buildings	-	92 500	-	92 500
Contracted tenant installation allowance	446	-	-	-
Contracted maintenance and capital installation to existing properties	11 408	1 176	-	-
Contracted for expansion to existing property	2 279	-	-	-
	14 132	93 676	-	92 500

23. Related parties

Related party relationships exist between the company, its subsidiaries, directors as well as their close family members, and key management of the company.

	Note
Key management of the company is the executive and non-executive directors (also see directors' report)	19
Investments in and amounts owing by subsidiaries	8
Remuneration paid to directors, executive and non-executive	19
Details of director's interest in the ordinary shares of the company are provided in the director's report	
Details relating to share-based payments of key management	28

	2024 R'000	2023 R'000
In the ordinary course of business, the company entered into the following other transactions with related parties:		
- Investment property cost capitalised - Kitchen Emporium (close family member of executive director)	4	369
- Rental received - Kitchen Emporium (close family member of executive director)	577	645
- Rental received - Alpha Plus Capital (close family member of executive director)	82	124
- Rental received - Razven Solutions (company with common director)	209	-
- Rental received - Brian Goldberg Prop Org (company with common director)	40	-
- Operating expenditure - Upper Eastside (company with common directors)	543	444

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Subsequent events

The directors are not aware of any events, other than those listed below, that have occurred since the end of the financial year, which have a material impact on the results and disclosures in these financial statements.

The group entered into an agreement to acquire a group of assets:

	Transfer date	Acquisition value R'000	Yield %
Portfolio of assets*	TBC	1 146 000	10.10

* Refer to SENS announcement made on 2 April 2024 regarding the Category 1 transaction relating to the acquisition of 13 properties, all based in the Western Cape.

The group disposed of the following property after year-end:

	Disposal date	Gross disposal value R'000	Debt settled R'000	Cash retained R'000
142 Edward Street, Tygervalley	2024/03/26	43 000	–	43 000
		43 000	–	43 000

25. Financial asset by category

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

	Notes	Group 2024	
		Amortised cost R'000	Total R'000
Trade and other receivables	10	23 337	23 337
Cash and cash equivalents	11	25 051	25 051
Loan to related party	9	215	215
		48 603	48 603
		2023	
		Amortised cost R'000	Total R'000
Trade and other receivables		18 296	18 296
Cash and cash equivalents		19 525	19 525
Loan to related party		70	70
		37 891	37 891

	Notes	Company 2024	
		Amortised cost R'000	Total R'000
Trade and other receivables	10	5 915	5 915
Cash and cash equivalents	11	3 181	3 181
Loan to related party	9	24 108	24 108
		33 204	33 204
		2023	
		Amortised cost R'000	Total R'000
Trade and other receivables		8 697	8 697
Cash and cash equivalents		5 128	5 128
Loan to related party		6 352	6 352
		20 177	20 177

26. Financial liability by category

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

	Notes	Group 2024		
		Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000
Financial liabilities	7	1 488 058	–	1 488 058
Trade and other payables	14	88 365	8 074	96 439
		1 576 423	8 074	1 584 497
		2023		
		Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000
Financial liabilities		1 550 879	–	1 550 879
Trade and other payables		81 666	1 857	83 523
		1 632 545	1 857	1 634 402



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26. Financial liability by category (continued)

	Notes	Company 2024		
		Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000
Financial liabilities	7	688 196	–	688 196
Loans from related party	9	29 671	–	29 671
Trade and other payables	14	25 983	2 516	28 498
		743 849	2 516	746 365
		2023		
		Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000
Financial liabilities		717 000	–	717 000
Loans from related party		24 382	–	24 382
Trade and other payables		26 421	–	26 421
		767 803	–	767 803

27. Fair value disclosures

All assets and liabilities measured or disclosed at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement as follows:

- Level 1 Measurements in whole or in part are done by reference to unadjusted, quoted prices in an active market for identical assets and liabilities. Quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2 Measurements are done by reference to inputs other than quoted prices that are included in level 1. These inputs are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. from derived prices).
- Level 3 Measurements are done by reference to inputs that are not based on observable market data.

Fair value estimation

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 to value investment properties (measurement and disclosure) and financial liabilities that have fixed interest rates (disclosure only).

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.

Levels of fair value measurements	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Assets				
Non-current assets held for sale (Level 3)	443 000	422 676	400 000	400 000
Investment properties (Level 3)	4 185 065	3 793 262	1 324 036	1 079 952
Total assets at fair value	4 185 065	3 793 262	1 324 036	1 079 952

Refer to note 6 for the reconciliation of investment properties from opening to closing balance.

The fair value of investment properties is updated at each reporting period either by way of external valuations or directors' valuations. Investment property is required to be valued with sufficient regularity to ensure that the reported value is representative of fair value. Per JSE requirements a third of investment properties are required to be valued by an external independent valuer, M. Gibbons (NDPV, MIVSA) of Mills Fitchet Magnus Penny, on an annual basis and the remaining two-thirds are valued internally, by management. All valuations were performed with the effective date 29 February 2024.





NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27. Fair value disclosures (continued)

Valuation technique

The fair value of investment properties is determined by utilising the discounted cash flow methodology in terms of which estimated gross income is projected for a five- or ten-year period, based on contractual arrangements and an estimated market rent upon the expiry of the leases for the period of the cash flow. Forecast expenses are deducted from the estimated gross annual income projections to arrive at the net annual income stream for the period of the cash flow.

This net annual income stream is discounted and aggregated to determine an estimated net present value of the cash flow. To the sum of the discounted net annual value of the cash flow is added an amount that represents an estimate of the value of the property upon reversion at the end of the cash flow period. This latter amount is calculated as the value of the estimated net income in the forward period of 12 months immediately following the final year of the cash flow, capitalised at an appropriate exit capitalisation rate.

The key inputs to the valuation of investment property is the discount rate and exit capitalisation rate, representative of the perceived risk in the investment. Capitalisation rates (and more specifically exit capitalisation rates which are utilised at the end of the discounted cash flow period) to determine the fair value of investment property into perpetuity were examined and risk-adjusted where necessary, to account for factors that influence the sustainability of cash flows pertaining to each property such as location, condition of improvements, market conditions and the strength of the underlying lease covenants, inter alia. The discount rate is the annual return that a prudent rational investor requires in order to invest in the property in a competitive market as opposed to alternative asset classes. It is widely expected that a yield premium above an appropriate risk-free rate is required to induce investors to invest into property due to the additional perceived risk in this asset class as opposed to an alternative investment with no default risk. Similarly, discount rates were examined and risk-adjusted where necessary.

As at 29 February 2024, the following significant assumptions and unobservable inputs used by the group in determining fair value were in the following ranges:

		Industrial	Commercial	Retail	Total 2024
Average discount rate	(%)	13.50	14.07	13.71	13.76
Average capitalisation rate	(%)	8.50	9.07	8.71	8.76
Average exit capitalisation rate	(%)	8.78	9.16	8.71	8.88
Average rental growth rate	(%)	5.00	5.00	5.00	5.00
Average expense growth rate	(%)	6.00	6.00	6.00	6.00
Structural vacancy range	(%)	0.5 – 2.0	0.5 – 2.0	0.5 – 2.0	0.5 – 2.0
Void period range	(months)	2 – 4	2 – 4	2 – 4	2 – 4
These resulted in the following key metrics pertaining to the portfolio:					
Average value per property (excluding land/bulk value)	(R'000)	180 356	158 104	122 386	157 620
Average value per square metre	(Rands)	6 417	17 534	15 503	10 716

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27. Fair value disclosures (continued)

As at 28 February 2023, the following significant assumptions and unobservable inputs used by the group in determining fair value were in the following ranges:

		Industrial	Commercial	Retail	Total 2023
Average discount rate	(%)	13.44	14.60	13.71	13.74
Average capitalisation rate	(%)	8.44	9.06	8.71	8.74
Average exit capitalisation rate	(%)	8.63	9.27	9.04	8.98
Average rental growth rate	(%)	5.00	5.00	5.00	5.00
Average expense growth rate	(%)	6.00	6.00	6.00	6.00
Structural vacancy range	(%)	0.5 – 2.0	0.5 – 2.0	0.5 – 2.0	0.5 – 2.0
Void period range	(months)	2 – 4	2 – 4	2 – 4	2 – 4

The fair market valuations are tested for reasonableness by comparing the resultant Rand per square metre against comparative sales of similar properties in similar locations. It was found that the resultant rates per property and per asset class were reasonable and fair.

Further assumptions are used in the valuation of investment property. Inter-relationship between unobservable inputs and fair value measurements are as follows:

The estimated fair value would increase/(decrease) if: the discount rate was lower/(higher); the reversionary capitalisation rate was lower/(higher); the expected market rental growth was higher/(lower); the expected expense growth was lower/(higher); the vacant periods were shorter/(longer); the rent-free periods were shorter/(longer); the occupancy rate was higher/(lower); the estimate of market rentals was higher/(lower).

The material assumptions applied in property valuations have not changed materially from the prior year-end.

The table below illustrates the sensitivity of the fair value to changes in the most significant inputs:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Sensitivity analysis to most significant inputs				
Increase in fair value if capitalisation rates are decreased by 0.5%	244 457	226 640	78 355	48 847
Decrease in fair value if capitalisation rates are increased by 0.5%	(218 399)	(202 625)	(70 030)	(43 379)
Increase in fair value if discount rates are decreased by 0.5%	154 410	140 889	49 868	41 497
Decrease in fair value if discount rates are increased by 0.5%	(143 594)	(131 557)	(46 363)	(38 520)

The sensitivity analysis assumes all other items remain unchanged and is based on the investment property value at the end of the reporting period.

	Date of last external valuation	Discount rate %	Exit capitalisation rate %	Fair value of property at 29 February 2024 R'000
List of properties – 2024 external valuations				
Property 1	2024/02/29	14.00	9.00	549 000
Property 21	2024/02/29	14.25	9.25	56 900
Property 27	2024/02/29	15.00	10.00	22 700
Property 18	2024/02/29	14.00	9.00	90 850
Property 20	2024/02/29	14.00	9.00	65 200
Property 19	2024/02/29	13.75	8.75	88 160
Property 6	2024/02/29	13.75	8.75	249 450
Property 5	2024/02/29	13.75	8.75	306 000
Property 13	2024/02/29	14.25	9.25	120 600
Property 3	2024/02/29	14.25	9.25	472 600
Property 7	2024/02/29	14.25	9.25	245 700
Property 29	2024/02/29	13.75	8.75	19 800
Property 8	2024/02/29	13.50	8.50	199 700

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27. Fair value disclosures (continued)

	Date of last external valuation	Discount rate %	Exit capitalisation rate %	Fair value of property at 29 February 2024 R'000
List of properties – 2024 external valuations				
Property 2	2024/02/29	13.50	8.50	478 000
Property 16	2024/02/29	13.75	8.75	105 500
Property 25	2024/02/29	13.50	8.50	37 050
Property 24	2024/02/29	13.50	8.50	40 165
Property 22	2024/02/29	13.75	8.75	51 200
Property 28	2024/02/29	14.25	9.25	22 400
List of properties – 2024 management valuations				
Property 4	Note 1	2021/02/28	N/A	400 000
Property 10		2023/02/28	13.50	141 000
Property 9		2022/02/28	14.00	160 000
Property 12		2022/02/28	13.50	124 000
Property 11		2022/02/28	13.00	133 000
Property 14		2023/02/28	13.00	116 000
Property 15		2023/02/28	13.75	113 000
Property 17		2023/02/28	13.00	95 000
Property 23	Note 2	2022/02/28	N/A	43 000
Property 26		N/A	N/A	25 000
List of properties – 2024 no valuation completed				
Future Development 1	Note 3	N/A		3 660
Future Development 2	Note 3	N/A		4 030
Development	Note 4	N/A		48 731
		13.76	8.88	4 627 396

Note 1: Property is held for sale and is valued at the sale price as agreed between parties of R400 000 million.

Note 2: Property is held for sale and is valued at the sale price as agreed between parties of R43 000 million.

Note 3: Cost relates to future development sites where approval has been received and professional fees incurred relating to the future development have been capitalised to date.

Note 4: Development land where bulk infrastructure works are currently in progress.

28. Share-based payment reserve

	Group	
	2024 R'000	2023 R'000
Conditional Share Plan ("CSP")	12 754	16 756
	12 754	16 756
Reconciliation of share-based payment reserve		
Opening balance	16 756	20 414
Expense recognised in profit and loss		
– Conditional Share Plan	8 454	7 877
Shares vested during the period	(12 456)	(11 535)
	12 754	16 756

Group and company information is identical and thus only one disclosure is made.

28.1 Conditional Share Plan

In terms of its CSP, the group has granted conditional shares to executive directors and staff. The full details of the scheme are included in the remuneration report.

The CSP awards have been recognised as equity-settled share-based payments as a separate category within equity. The fair value of the conditional share plan charge has been measured using the Black-Scholes formula. The following assumptions were incorporated in the valuation:

	Award 3	Award 4	Award 5	Award 6	Award 7
Number of shares	800 000	504 000	336 000	800 000	1 580 000
Grant date	2019/01/07	2020/01/07	2021/01/07	2022/01/07	2023/05/23
Vesting date	2023/06/30	2024/06/30	2025/06/30	2026/06/30	2027/05/22
Issue price at award date (30 day WVAP) (Rand)	10.14	6.26	6.34	7.91	7.23
Option price at award date (Rand)	7.04	4.49	4.41	4.95	4.48
Volatility (%)	40	67	33	31	31
Forfeiture rate (%)	–	–	5	10	10
Dividend yield (%)	5.8	9.4	10.8	9.6	11.5
Performance factor (%)	100	100	95	90	90
Status	Vested and settled	Unvested	Unvested	Unvested	Unvested



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28. Share-based payment reserve (continued)

28.1 Conditional Share Plan (continued)

Expected volatility has been based on an evaluation of the historical share price volatility of the company's peers since listing. The expected forfeiture rate has been based on historical experience and general employee behaviour. On an annual basis, assumptions are adjusted with the availability of objective evidence.

Where these result in changes in the non-market conditions of the scheme, the cumulative impact is charged to profit and loss in the year the adjustment is made.

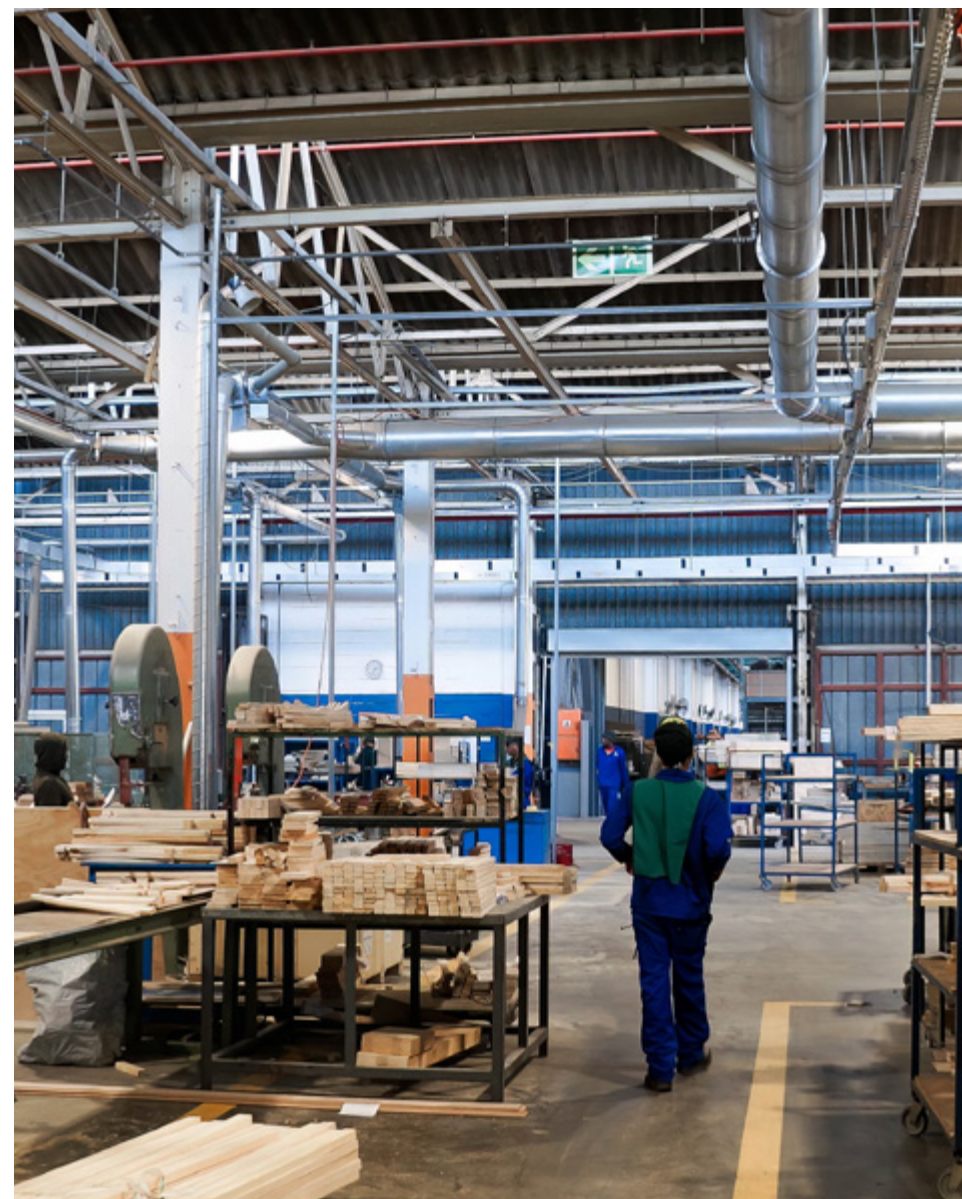
During the current year financial Award 3 fully vested at R7.20 per share and was settled in full on a net basis. During the current and prior period no award was forfeited or expired.

29. Financial guarantee

The group provides guarantees to shareholders, as listed below, in favour of Nedbank Property Finance to settle any outstanding liabilities (interest and capital) relating to loans they obtained from Nedbank to subscribe for Spear REIT Limited shares on the open market. These companies are all BEE-verified entities and obtained loans to acquire Spear shares with an LTV of 70% and settled the remaining purchase price in cash. The group holds no right over the shares, nor are there any vesting conditions relating to the shares. Nedbank holds a pledge over the shares as security for the loan. The group will only be liable if any of the entities is unable to settle any liability due relating to the share subscription loan if so called upon by Nedbank. Any interest settled in favour of the entities to Nedbank is refundable to the group by these entities and accrues interest compounded monthly. These entities are ordinary shareholders of the company and their shares rank pari passu with all other shares trading in the open market. The value of the guarantee shortfall, being the difference between the loan capital and value of the shares, at year-end if called upon by the bank is not material and thus no amount has been recognised in respect of the financial guarantee contracts. No event of default has occurred for any of these entities since the first purchase of shares on the open market and the group has not been notified of any such event.

	Ikamva Labantu Empowerment Trust	BeaProp NR1 Proprietary Limited	Manaus Capital Proprietary Limited
Shares	3 848 888	3 740 260	5 000 000
Purchase price	8.72	7.70	7.80
Total cost of shares	33 558	28 800	39 000
Guarantee value	(R'000) 25 300	22 500	30 000
Loan outstanding	18 806	21 711	29 471
Guarantee expiry	June 2024	August 2025	December 2025
Market value of shares	(R'000) 32 138	31 231	41 750

30. Property analysis



**BRAVO BRANDS, BLACKHEATH PARK,
BLACKHEATH**



NOTES TO THE FINANCIAL STATEMENTS CONTINUED



Property name	Location	Sector	Gross lettable area m ²	Vacant area m ²	Average gross rental per m ² in period	Value at 29 February 2024 R'000
Property 1	Bellville	Industrial	86 195	4 964	55	549 000
Property 2	Milnerton	Retail	31 111	3 054	140	478 000
Property 3	Cape Town	Commercial	25 247	4 768	159	472 600
Property 4	Century City	Commercial	18 244	–	185	400 000
Property 5	Brooklyn	Commercial	16 981	2 060	155	306 000
Property 6	Century City	Commercial	11 963	456	173	249 450
Property 7	Blackheath	Industrial	39 804	662	51	245 700
Property 8	Paarden Eiland	Industrial	21 542	450	85	199 700
Property 9	Parow	Commercial	11 633	5 331	225	160 000
Property 10	Parow	Industrial	12 879	–	91	141 000
Property 11	Epping	Industrial	18 450	–	48	133 000
Property 12	Blackheath	Industrial	22 201	–	44	124 000
Property 13	Woodstock	Commercial	9 261	2 017	102	120 600
Property 14	Bellville	Industrial	30 238	–	26	116 000
Property 15	Century City	Commercial	4 199	–	181	113 000
Property 16	Epping	Retail	9 320	1 262	125	105 500
Property 17	Parow	Industrial	11 412	–	59	95 000
Property 18	Tygervalley	Commercial	4 915	382	156	90 850
Property 19	Tygervalley	Commercial	3 880	46	190	88 160
Property 20	Tygervalley	Commercial	4 630	1 568	140	65 200
Property 21	Tygervalley	Commercial	4 326	91	116	56 900
Property 22	Paarden Eiland	Retail	7 321	892	67	51 200
Property 23	Tygervalley	Commercial	2 668	–	160	43 000
Property 24	Paarden Eiland	Retail	4 030	–	88	40 165
Property 25	Paarden Eiland	Retail	5 538	–	54	37 050
Property 26	Cape Town	Commercial	594	594	–	25 000
Property 27	Tygervalley	Commercial	2 203	367	122	22 700
Property 28	Paarden Eiland	Retail	2 764	–	73	22 400
Property 29	Paarden Eiland	Industrial	2 994	389	64	19 800
			426 542	29 351		4 570 975

Property name	Location	Sector	Gross lettable area m ²	Vacant area m ²	Average gross rental per m ² in period	Value at 29 February 2024 R'000
Future Properties						
Future properties	Cape Town	Various				670
Properties under development						
Future Development 1	Paarden Eiland	Development	–	–	–	3 660
Future Development 2	Milnerton	Development	–	–	–	4 030
Development	George	Development	–	–	–	48 731
Grand Total						
			426 542	29 351	108	4 628 066

Tenant profile	Gross lettable area m ²	Gross lettable area %	Number of tenants	Number of tenants %
A – Large nationals, large listed and government	183 415	43	96	22
B – Smaller international and national tenants	211 108	49	292	66
C – Other local tenants and sole proprietors	2 668	1	56	13
Vacant	29 351	7	–	–
	426 542	100	444	100

Geographical split	Revenue R'000	Revenue %	Gross lettable area m ²	Gross lettable area %
Western Cape	607 307	100	426 542	100
	607 307	100	426 542	100



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30. Property analysis (continued)

Sectoral split and vacancy profile	Number of properties	Value R'000	Value %	Property revenue R'000	Revenue %	Gross lettable area m ²	Gross lettable area %	Vacant area m ²	Vacancy GLA* %
Industrial	9	1 623 200	35.08	218 538	35.98	252 941	59.30	7 503	1.76
Commercial	14	2 213 460	47.83	292 103	48.10	126 235	29.59	19 736	4.63
Retail	6	734 314	15.87	96 592	15.90	47 366	11.10	2 113	0.50
Development Land		56 421	1.22	74	0.01	—	—	—	—
	29	4 627 395	100.00	607 307	100.00	426 542	100.00	29 351	6.88

*Total GLA excludes GLA under development.

Lease expiry profile

Lease expiry profile based on GLA	Industrial %	Commercial %	Retail %	Total %
Vacant	3	16	9	7
Monthly	1	1	6	2
Expiries for 03/2024 – 03/2025	15	20	14	16
Expiries for 03/2025 – 02/2026	10	29	14	16
Expiries for 03/2026 – 02/2027	24	18	32	24
Expiries for 03/2027 – 02/2028	6	5	14	7
Expiries for 03/2028 and onwards	41	11	11	28
	100	100	100	100

Lease expiry profile based on revenue

Monthly	1	1	7	2
Expiries for 03/2024 – 03/2025	18	25	14	21
Expiries for 03/2025 – 02/2026	12	36	14	25
Expiries for 03/2026 – 02/2027	24	21	35	24
Expiries for 03/2027 – 02/2028	10	5	16	8
Expiries for 03/2028 and onwards	35	12	14	20
	100	100	100	100

Weighted average rental escalations and yields	Escalation %	Yields FY24 %
Industrial	7.72	8.70
Commercial	7.43	7.98
Retail	7.47	8.21
Average	7.52	8.27

31. Going concern

The consolidated and separate financial statements were prepared on a going concern basis. The board of directors is satisfied that the group has adequate resources to continue trading for the foreseeable future, based on a formal review of the results, cash flow forecasts and assessing available resources to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.



APPENDIX 1

Adoption of SA REIT Best Practice Recommendations

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 Accounting Standards.

Reconciliation between earnings and distributable earnings

The company has established strict guidelines regarding its distribution policy to ensure that the distributable earnings is a fair reflection of sustainable earnings. This comprises property-related income net of property-related expenditure, interest expense and administrative costs.

The specific adjustments are detailed in the statement of funds from operations below. All of these adjustments are derived from the face of the statement of comprehensive income presented and the accompanying notes to the financial statements.

SA REIT funds from operations (SA REIT FFO) per share

	February 2024 R'000	February 2023 R'000
Profit or loss per IFRS Statement of Comprehensive Income attributable to the parent	362 740	182 205
Adjusted for:		
Accounting/specific adjustments:	(187 806)	(3 748)
<i>Fair value adjustments to: Investment property</i>	(176 893)	2 873
Deferred tax movement recognised in profit or loss	349	445
Straight-lining operating lease adjustment	(11 263)	(7 066)
Other adjustments:	15 844	-
Antecedent earnings adjustment*	15 844	-
<i>* Antecedent earnings adjustment relates to the private placement of R313 million concluded in February.</i>		
SA REIT FFO	190 778	178 457
Company-specific adjustments	10 028	9 960
IFRS 2 expense – CSP awards with future vesting and issue date	8 454	7 877
Provisional tax paid on retained income for period	1 573	2 083
Total distributable company FFO	200 805	188 417
Interim distributable income per share (DIPS)	(cents)	40.77
	(%)	(1.19)
	(R'000)	90 991
		96 001
Final DIPS	(cents)	42.22
	(R'000)	109 814
		92 416
Total DIPS	(cents)	82.99
FY2024 DIPS growth	(%)	1.04
Number of shares outstanding at end of interim period (net of treasury)	223 172 814	232 667 160
Final number of shares outstanding at end of period (net of treasury)	260 085 733	226 065 218
Interim period payout ratio	(%)	94
Interim distributable company FFO	(R'000)	85 532
Interim company dividend per share (DPS)	(cents)	38.33
HY2024 DPS growth	(%)	3.21
Final period payout ratio	(%)	96
Final company DPS	(R'000)	105 421
Final company DPS	(cents)	40.53
Average payout ratio for the year	(%)	95.09
Total company DPS	(cents)	78.86
FY2024 DPS growth	(%)	3.80
Taxable retained earnings	(A-B) (R'000)	9 852
Taxation payable	(R'000)	(1 573)
Net retained income	(R'000)	8 279

APPENDIX 1
CONTINUED

Dividend declared and dividend per share

	Cents per share	R'000
Total distributions for the period – 2024		
Interim distribution declared on 24 October 2023 (Distribution number 14)	38.33	85 532
Final distribution declared on 22 May 2024 (Distribution number 15)	40.53	105 421
Total distributions for the period ended 29 February 2024	78.86	190 953
DPS growth	(%) 3.80	
Total distributions for the period – 2023		
Interim distribution declared on 21 October 2022 (Distribution number 12)	37.14	86 401
Final distribution declared on 22 May 2023 (Distribution number 13)	38.84	87 795
Total distributions for the period ended 28 February 2023	75.97	174 196

SA REIT net asset value (SA REIT NAV)

	February 2024 R'000	February 2023 R'000
Reported NAV attributable to the parent	3 068 045	2 594 408
Adjustments:		
Dividend declared and 100% cash settled	(105 421)	(87 795)
Deferred tax	(433)	(783)
SA REIT NAV: A	2 962 191	2 505 830
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	260 085 733	226 065 218
Dilutive number of shares in issue B	260 085 733	226 065 218
SA REIT NAV per share (Rands) A/B	11.39	11.08

SA REIT cost-to-income ratio

	February 2024 R'000	February 2023 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	215 016	198 023
Administrative expenses per IFRS income statement <i>Other expenses, if directly related to property operations, with clear explanations of these items</i>	35 901	36 719
Depreciation	15 373	15 348
<i>Exclude:</i>		
Depreciation expense in relation to property, plant and equipment of an administrative nature	(610)	(616)
Operating costs A	265 681	249 475
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	443 935	428 164
Utility and operating recoveries per IFRS income statement	164 206	146 002
Gross rental income B	608 141	574 166
SA REIT cost-to-income ratio (%) A/B	43.69	43.45

SA REIT administrative cost-to-income ratio

	February 2024 R'000	February 2023 R'000
Expenses		
Administrative expenses as per IFRS income statement <i>Other identified administrative expenses, with clear explanations of these items</i>	35 901	36 719
Depreciation on property, plant and equipment	610	616
Administrative costs A	36 511	37 335
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	443 935	428 164
Utility and operating recoveries per IFRS income statement	164 206	146 002
Gross rental income B	608 141	574 166
SA REIT administrative cost-to-income ratio (%) A/B	6.00	6.50



APPENDIX 1
CONTINUED

SA REIT GLA vacancy rate

		February 2024 R'000	February 2023 R'000
GLA of vacant space	A	29 351	32 034
GLA of total property portfolio	B	426 542	409 868
SA REIT GLA vacancy rate (%)	A/B	6.88	7.82

Cost of debt

		February 2024 %	February 2023 %
<i>Variable interest-rate borrowings</i>			
Prime – Floating reference rate plus weighted average margin		0.00	0.00
3-month JIBAR – Floating reference rate plus weighted average margin		10.16	9.05
<i>Fixed interest-rate borrowings</i>			
Weighted average fixed rate		8.55	8.18
Pre-adjusted weighted average cost of debt		9.48	8.66
<i>Adjustments:</i>			
Impact of interest rate derivatives		0.00	0.00
Amortised transaction costs imputed into the effective interest rate		0.00	0.00
All-in weighted average cost of debt		9.48	8.66

SA REIT loan-to-value (SA REIT LTV)

		February 2024 R'000	February 2023 R'000
Gross debt		1 488 058	1 550 879
Less:			
Cash and cash equivalents		(25 051)	(19 525)
Add/Less:			
Derivative financial instruments		–	–
Net debt	A	1 463 007	1 531 354
Total assets – per statement of financial position		4 678 422	4 256 708
Less:			
Cash and cash equivalents		(25 051)	(19 525)
Derivative financial assets		–	–
Deferred taxation		(433)	(783)
Trade and other receivables		(23 337)	(18 296)
Carrying amount of property-related assets	B	4 629 601	4 218 104
SA REIT LTV (%)	A/B	31.60	36.30



APPENDIX 2

Shareholder Analysis

Shareholder spread

Shareholding	Number of shareholders	% of total shareholding	Shares held	% held
1 – 1 000 shares	2 802	54.20	214 116	0.08
1 001 – 10 000 shares	1 462	28.28	7 239 449	2.56
10 001 – 100 000 shares	707	13.68	20 371 272	7.21
100 001 – 1 000 000 shares	151	2.92	46 815 029	16.58
1 000 001 shares and over	48	0.93	207 760 376	73.57
	5 170	100.00	282 400 242	100.00

Shareholder type

Non-public shareholders	Number of shareholders	% of total shareholding	Shares held	% held
Directors and associates of the company (direct holdings)	8	0.15	281 522	0.10
Directors and associates of the company (indirect holdings)	13	0.25	63 332 185	22.43
Spear Holdco Proprietary Limited	1	0.02	22 236 218	7.87
	22	0.43	85 849 925	30.40
Public shareholders	5 148	99.57	196 550 317	69.60
	5 170	100.00	282 400 242	100.00

Shareholding greater than 5%

Holding name	Beneficiary	Shares held	% held of total
Spear Holdco Proprietary Limited	Treasury shares	22 299 813	7.90
Old Mutual Group		21 133 191	7.48
Prescient		19 165 489	6.79
Huntress Nominees	Deputy chairman	16 903 324	5.99
Nedbank Group		16 516 911	5.85
Mega Park Investments Proprietary Limited	Non-executive	16 224 544	5.75
Mtshobela Capital Holdings Proprietary Limited	Charmain	15 260 880	5.40
		127 504 152	45.15
Total number of shareholders		5 170	
Total number of shares in issue		282 400 242	

Shareholder split

	%	Shareholding
Collective investment schemes	35.7	100 870 500
Private companies	34.1	96 413 938
Retirement benefit funds	8.6	24 222 710
Retail shareholders	7.2	20 314 373
Trusts	3.3	9 308 358
Investment partnerships	3.0	8 346 459
Organs of state	2.6	7 323 217
Stockbrokers and nominees	1.8	4 953 228
Managed funds	0.9	2 524 556
Assurance companies	0.9	2 505 837
Medical aid funds	0.7	2 008 860
Foundation and charitable funds	0.7	1 985 118
Close corporations	0.5	1 415 861
Public companies	0.1	150 000
Custodians	0.0	29 933
Insurance companies	0.0	27 294
	100	282 400 242

Share price performance

List price on 11 November 2016	(Rands)	9.00
Closing price on 29 February 2024	(Rands)	8.35
Closing high for the period	(Rands)	8.74
Closing low for the period	(Rands)	6.75
Gross number of shares issued		282 400 242
Volume traded during period		33 318 470
Ratio of volume traded to shares issued	(%)	11.80
Rand value traded during the period	(R'000)	244 951



Notice of

ANNUAL GENERAL MEETING



SPEAR
REIT LIMITED

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 Company")

Notice is hereby given of the annual general meeting of shareholders of Spear REIT Limited to be held at Spear REIT Limited Head Office, 16th Floor, 2 Long Street, Cape Town, on Wednesday, 31 July 2024 at 11:00 a.m. ("AGM").

Purpose

The purpose of the AGM is to transact the business set out in the agenda below.

Agenda

- Presentation of the audited annual financial statements of the Company, including the remuneration report and the reports of the directors and the audit and risk committee for the year ended 29 February 2024 as included in the integrated report ("Integrated Report") distributed together with this notice of AGM, and which contain the consolidated annual financial statements and the aforementioned reports.
The annual financial statements, including the unmodified audit opinion, are available on Spear's website at www.spearprop.co.za, or may be requested and obtained in person, at no charge, at the registered office of Spear during office hours.
- To consider and, if deemed fit, approve, with or without modification, the resolutions set out below.

Note:

For any of the ordinary resolutions numbers 1 to 9 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 10 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1. Retirement and re-election of directors

1.1. Ordinary resolution number 1

"Resolved that Mr. A Varachhia, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

1.2. Ordinary resolution number 2

"Resolved that Mr. JE Allie, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

1.3. Ordinary resolution number 3

"Resolved that Dr. RL Phillips, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible, offers herself for re-election, be and is hereby re-elected as director."

Brief curricula vitae in respect of these directors are presented on page 25 of the Integrated Report distributed with this notice of AGM.

The reason for ordinary resolutions numbers 1 to 3 (inclusive) is that the memorandum of incorporation of the Company, the Listings Requirements of the JSE ("JSE Listings Requirements") and, to the extent applicable, the Companies Act, require that one third of non-executive directors of the Company must retire at each annual general meeting by rotation and, being eligible, may offer themselves for re-election as directors.

2. Re-appointment of the members of the audit and risk committee of the Company

Note:

For avoidance of doubt, all references to the audit and risk committee of the Company are references to the audit committee as contemplated in the Companies Act.

2.1. Ordinary resolution number 4

"Resolved that Mr. JE Allie, being eligible, subject to the approval of ordinary resolution number 2, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

2.2. Ordinary resolution number 5

"Resolved that Mr. BL Goldberg, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

2.3. Ordinary resolution number 6

"Resolved that Mr. B Raziya, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the company, until the next annual general meeting of the Company".



NOTICE OF ANNUAL GENERAL MEETING CONTINUED

2. Re-appointment of the members of the audit and risk committee of the Company (continued)

2.3. Ordinary resolution number 6 (continued)

Brief curricula vitae in respect of these directors are presented on pages 24 and 25 of the Integrated Report distributed with this notice of AGM.

The reason for ordinary resolutions numbers 4 to 6 (inclusive) is that the Company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company.

3. Re-appointment of auditor

Ordinary resolution number 7

“Resolved that BDO South Africa Incorporated be and is hereby re-appointed as auditor of the Company for the ensuing year with the designated auditor being Mr. Bernard van der Walt, a registered auditor and partner in the firm, on the recommendation of the audit and risk committee of the Company.”

The reason for ordinary resolution number 7 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed, as the case may be, each year at the annual general meeting of the Company, as required by the Companies Act and the JSE Listings Requirements.

4. Non-binding advisory vote on Spear’s remuneration policy

Ordinary resolution number 8

“Resolved that the Company’s remuneration policy, as set out on pages 37 to 42 of the Integrated Report distributed with this notice of AGM, be and is hereby endorsed by way of a non-binding advisory vote.”

The reason for ordinary resolution number 8 is that the King IV Report on Corporate Governance™ for South Africa, 2016 (“King IV™”) recommends, and the JSE Listings

Requirements require, that the remuneration policy of the Company be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the Company. This enables shareholders to express their views on the remuneration policy adopted. The effect of ordinary resolution 8, if passed, will be to endorse the Company’s remuneration policy. Ordinary resolution number 8 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the Company’s remuneration policy.

5. Non-binding advisory vote on Spear’s implementation report on the remuneration policy

Ordinary resolution number 9

“Resolved that the Company’s implementation report in respect of its remuneration policy, as set out on pages 44 to 48 of the Integrated Report distributed with this notice of AGM, be and is hereby endorsed by way of a non-binding advisory vote.”

The reason for ordinary resolution number 9 is that King IV™ recommends, and the JSE Listings Requirements require, that the implementation report on a company’s remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the Company. This enables shareholders to express their views on the implementation of a company’s remuneration policy. The effect of ordinary resolution number 9, if passed, will be to endorse the Company’s implementation report in relation to its remuneration policy. Ordinary resolution number 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the implementation of the Company’s remuneration policy.

Should 25% or more of the votes exercised in respect of ordinary resolutions numbers 8 and/or 9 be against either resolution, the Company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the Company.

6. General authority to issue ordinary shares for cash

Ordinary resolution number 10

“Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company’s unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company’s memorandum of incorporation, the Companies Act and the JSE Listings Requirements, provided that:

- the approval shall be valid until the date of the next annual general meeting of the Company, provided it shall not extend beyond fifteen months from the date of this resolution;
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 5% of the Company’s issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders or shares issued to the Spear REIT Limited Conditional Share Plan shall not diminish the number of ordinary shares that comprise the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the Company’s issued ordinary share capital (net of treasury shares) amounts to 13 004 287 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period;





NOTICE OF ANNUAL GENERAL MEETING CONTINUED

6. General authority to issue ordinary shares for cash (continued)

- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties, save therefore that related parties may participate in a general issue for cash through a bookbuild process provided that (i) related parties may only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price the relevant related party will be “out of the book” and not be allocated shares; and (ii) equity securities must be allocated equitably “in the book” through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;
- any such issue will only comprise securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE (“SENS”).”

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to duly approved share incentive schemes) it is necessary for the board of the Company to obtain the prior authority of the shareholders in accordance with the JSE Listings Requirements and the memorandum of incorporation of the Company. Accordingly, the reason for ordinary resolution number 10 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the memorandum of incorporation of the Company.

Note:

For this resolution to be adopted, at least 75% of the voting rights exercised on it, whether in person or by proxy, must be exercised in favour thereof.

7. Remuneration of non-executive directors

Special resolution number 1

“Resolved, in terms of section 66(9) of the Companies Act, that the Company be and is hereby authorised to remunerate its directors for their services as directors, which includes serving on various sub-committees and to make payment of the amounts set out below (plus any value-added tax, to the extent applicable), provided that this authority will only be valid until the next annual general meeting of the Company:

Proposed remuneration

Chairman of the board (annual remuneration)	R783 076
Deputy Chairman of the board (annual remuneration)	R769 575
Chairman/committee member (per attendance)	R8 000/6 000
Board member (not serving on a committee) (annual remuneration)”	R337 533

The reason for special resolution number 1 is for the Company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1, if passed, is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next annual general meeting of the Company.”

8. Inter-company financial assistance

8.1. Special resolution number 2: Inter-company financial assistance

“Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (“financial assistance” will herein have the meaning

attributed to it in section 45(1) of the Companies Act) that the board of the Company may deem fit to any company or corporation that is related or inter-related (“related” and “inter-related” will herein have the meanings attributed to such terms in section 2 of the Companies Act) to the Company, on the terms and conditions and for amounts that the board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.”

The reason for and effect, if passed, of special resolution number 2 is to grant the directors of the Company the authority, until the next annual general meeting of the Company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is, inter alia, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries. In terms of this special resolution, the Company will not be able to provide direct or indirect financial assistance to directors or prescribed officers of the Company.

8.2. Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company

“Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (“financial assistance” will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board of the Company may deem fit to any company or corporation that is related or inter-related to the Company (“related” and “inter-related” will herein have the meanings attributed to such terms in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the board of the Company may determine for the purpose of, or in connection with, the subscription of any option, or any shares or other securities, issued or to be issued



NOTICE OF ANNUAL GENERAL MEETING CONTINUED

8. Inter-company financial assistance (continued)

8.2. Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company (continued)

by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.”

The reason for and effect, if passed, of special resolution number 3 is to grant the directors the authority, until the next annual general meeting of the Company, to provide financial assistance to any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation.

This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a subsidiary raises funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority. In terms of this special resolution, the Company will not be able to provide any direct or indirect financial assistance to any person (i.e. directors of the Company).

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the Company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolutions numbers 2 and 3 above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company); and
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

In addition, the board will only approve the provision of any financial assistance contemplated in special resolutions numbers 2 and 3 above, where:

- the board is satisfied that the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's memorandum of incorporation have been met.

9. Share repurchases by the Company and its subsidiaries

Special resolution number 4:

“Resolved, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the Company and the JSE Listings Requirements, including, inter alia, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the repurchase, that the Company and its subsidiaries (“the group”) have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the group;
- the general repurchase is authorised by the Company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five business day period;





NOTICE OF ANNUAL GENERAL MEETING CONTINUED

9. Share repurchases by the Company and its subsidiaries (continued)

- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf; and
- the Company may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party (reported trades are prohibited), as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements."

The reason for and effect, if passed, of special resolution number 4 is to grant the directors a general authority in terms of its memorandum of incorporation and the JSE Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 4. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, (i) a pro rata repurchase by the Company from all its shareholders; and (ii) intra-group repurchases by the Company of its shares from wholly-owned subsidiaries, share incentive schemes pursuant to Schedule 14 of the JSE Listings Requirements and/or non-dilutive share incentive schemes controlled by the Company, where such repurchased shares are to be cancelled, will not require shareholder approval, save to the extent as may be required by the Companies Act.

Note:

For any of the special resolutions 1 to 4 to be adopted, at least 75% of the voting rights exercised on it, whether in person or by proxy, must be exercised in favour thereof.

10. Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the Company.

Information relating to the special resolutions

1. The directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company as set out in special resolution number 4 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the group would not be compromised as to the following:
 - the Company and the group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this notice of AGM and for a period of 12 months after the repurchase;
 - the consolidated assets of the Company and the group (fairly valued) will at the time of the notice of AGM and at the time of making such determination, and for a period of 12 months thereafter, be in excess of the consolidated liabilities of the Company and the group (fairly valued). The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited financial statements of the group;
 - the ordinary capital and reserves of the Company and the group after the repurchase will remain adequate for the purpose of the business of the Company and the group for a period of 12 months after this notice of AGM and after the date of the share repurchase; and
 - the working capital available to the group after the repurchase will be sufficient for the group's requirements for a period of 12 months after the date of the notice of the AGM and for a period of 12 months after the date of the share repurchase.

General information in respect of major shareholders, material changes and the share capital of the Company is contained in the Integrated Report distributed with this notice of AGM, as well as the full set of financial

statements, being available on Spear's website at www.spearprop.co.za or which may be requested and obtained in person, at no charge, at the registered office of Spear during office hours.

2. The directors, whose names appear on pages 25 and 26 of the Integrated Report distributed with this notice of AGM, collectively and individually accept full responsibility for the accuracy of the information given 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 this notice of AGM contains all information required by law and the JSE Listings Requirements.

Voting

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company ("the Share Register") for purposes of being entitled to receive this notice of AGM is Friday, 24 May 2024.
2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at this AGM is Friday, 26 July 2024 with the last day to trade being Tuesday, 23 July 2024.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.



NOTICE OF ANNUAL GENERAL MEETING CONTINUED

10. Other business (continued)

4. Certificated shareholders and own-name dematerialised shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by such shareholders who wish to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the Company at the address provided on the inside back cover of this Integrated Report by not later than 11:00 a.m. on Monday, 29 July 2024, provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM, subject to the form of proxy and the proxy's proof of identification being verified before any shareholder rights are exercised by such proxy.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their central securities depository participant ("CSDP") or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

Electronic participation

1. Shareholders or their proxies may participate in the AGM electronically ("electronic facility").
2. Please note that the electronic facility will only allow shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the electronic facility. Should such shareholders wish to vote, they must either:
 - complete the proxy form and return it to the transfer secretaries in accordance with paragraphs 4 and 5 above; or
 - contact their CSDP or broker in accordance with paragraphs 6 and 7 above.
3. Shareholders or their proxies who wish to participate in the AGM via the electronic facility must notify the Company by emailing the Company Secretary, René Cheryl Stober, by no later than 11:00 a.m. on Monday, 29 July 2024. The Company Secretary will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act and thereafter, if validated, provide further details on using the electronic facility.
4. The Company cannot guarantee there will not be a break in communication which is beyond the control of the Company.

5. The participant acknowledges that the electronic facility is provided by a third party and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic facility, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic facility or any defect in it or from total or partial failure of the electronic facility and connections linking the electronic facility to the AGM.

By order of the board

Per René Cheryl Stober
Company Secretary

31 May 2024
Cape Town



FORM OF PROXY



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 Company")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

For use at the annual general meeting of ordinary shareholders of the company to be held at Spear REIT Limited Head Office, 16th Floor, 2 Long Street, Cape Town, on Wednesday, 31 July 2024 at 11:00 a.m. ("the AGM").

I/We, the undersigned _____
 (full name in print)

of _____ (address)

being the registered ordinary holder of _____

_____ shares hereby appoint:

1. _____ or failing him/her
2. _____ or failing him/her,
3. the chairman of the AGM,

as my/our proxy to attend, speak and vote on my/our behalf at the AGM for purposes of considering and, if deemed fit, passing with or without modification, the ordinary resolutions and special resolutions to be proposed thereat and at each adjournment thereof and to vote for or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

	In favour of	Against	Abstain from voting
Ordinary resolution number 1: Retirement and re-election of Mr. A Varachhia as director			
Ordinary resolution number 2: Retirement and re-election of Mr. JE Allie as director			
Ordinary resolution number 3: Retirement and re-election of Dr. RL Phillips, as director			
Ordinary resolution number 4: To re-appoint Mr. JE Allie as member of the audit and risk committee			
Ordinary resolution number 5: To re-appoint Mr. BL Goldberg as member of the audit and risk committee			
Ordinary resolution number 6: To re-appointment Mr. B Raziya as member of the audit and risk committee			
Ordinary resolution number 7: To re-appoint BDO South Africa Incorporated as the auditor of the Company			
Ordinary resolution number 8: Non-binding advisory vote on Spear's remuneration policy			
Ordinary resolution number 9: Non-binding advisory vote on Spear's implementation report on the remuneration policy			
Ordinary resolution number 10: General authority to issue ordinary shares for cash			
Special resolution number 1: Remuneration of non-executive directors			
Special resolution number 2: Inter-company financial assistance			
Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company			
Special resolution number 4: Share repurchases by Spear and its subsidiaries			

Please indicate your voting instruction by inserting the number of shares (or a cross should you wish to vote all of your shares) in the space provided.

Signed at _____ on this _____ day of _____ 2024.

Signature(s) _____

Assisted by (where applicable) (state capacity and full name) _____

Each Spear shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the Company) to attend, speak and vote in his/her stead at the AGM.

Notes

1. A Spear shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Spear shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by the insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he/she is the authorised proxy, or any other proxy, to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned, together with proof of identification and authority to do so (where acting in a representative capacity), to be received by the transfer secretaries of the Company, Computershare Investor Services (Pty) Ltd (Private Bag X9000, Saxonwold, 2132/proxy@computershare.co.za), by not later than 11:00 a.m. on Monday, 29 July 2024 provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM, subject to the form of proxy and the proxy's proof of identification being verified before any shareholder rights are exercised by such proxy.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. 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's transfer secretaries or waived by the chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Ave, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)
proxy@computershare.co.za

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 Company")

Registered office

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

Directors of Spear

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)
Bongani Raziya*#
Cormack Sean McCarthy*
Rozett Lucille Phillips (Dr.)*#

* Non-executive

Independent

The paper stock used to print this integrated annual report is FSC (Forest Stewardship Council) certified and sourced through sustainable, responsible forestry.



Company secretary

René Cheryl Stober

Contact details

info@spearprop.co.za
www.spearprop.co.za

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

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)

and

Suite 1105, 11th Floor
Sandton Eye Building
126 West Street, Sandton, 2196

Legal Adviser

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

Bankers

Nedbank Limited
Investec Limited
Standard Bank Limited

SHAREHOLDER DIARY

Annual General Meeting	31 July 2024
Next interim reporting period	31 August 2024
Next financial year-end	28 February 2025



SPEAR
REIT LIMITED

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

info@spearprop.co.za

www.spearprop.co.za

