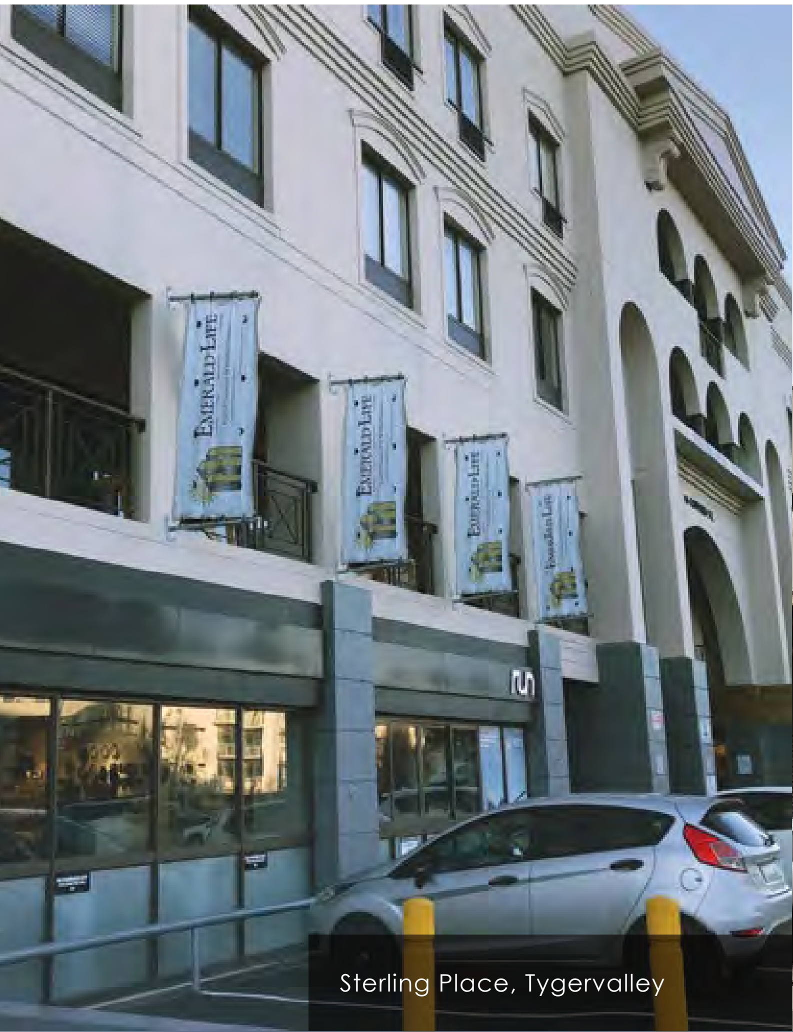
SPEAR
REIT LIMITED

The Western Cape REIT

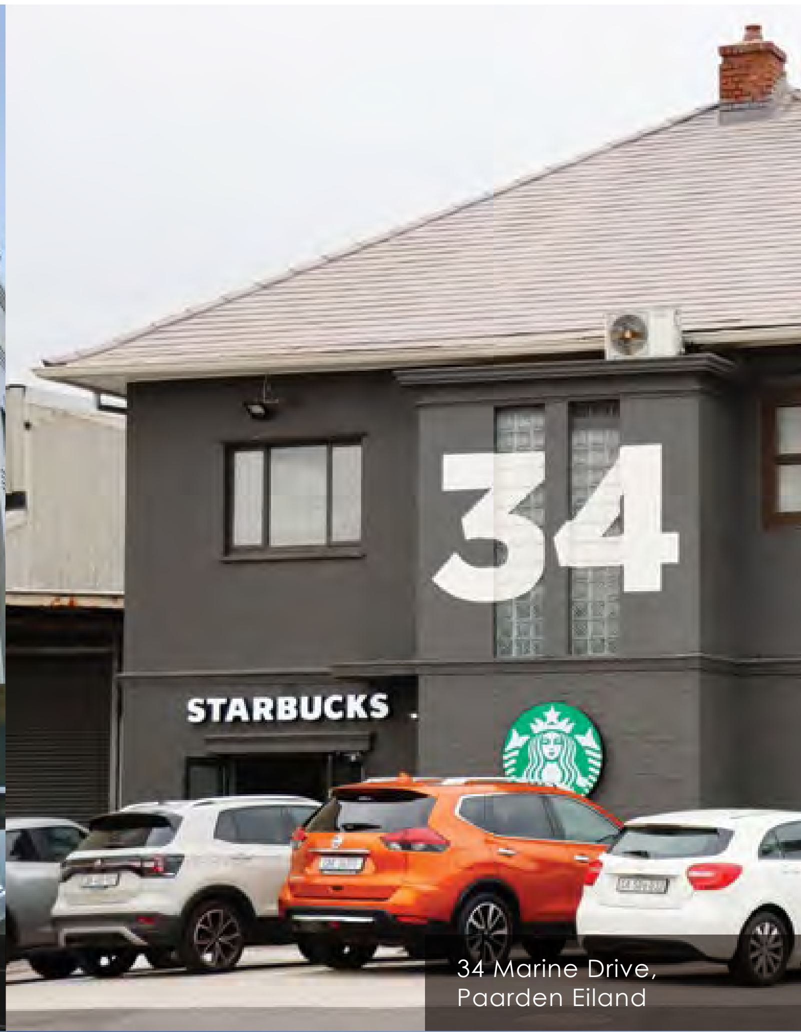
Credible
Predictable
Consistent

Consolidated and separate financial statements for the year ended 28 February 2025

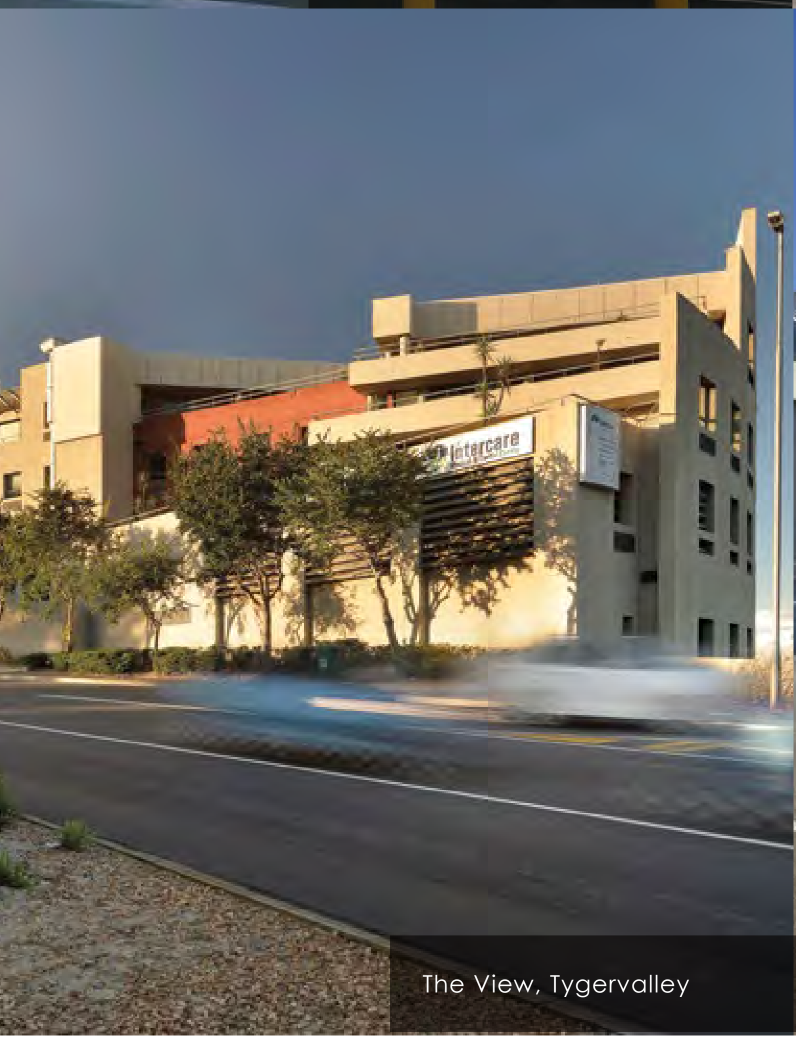
(Extracted from the Integrated Annual Report 2025 to be released 30 May 2025)



Sterling Place, Tygervalley

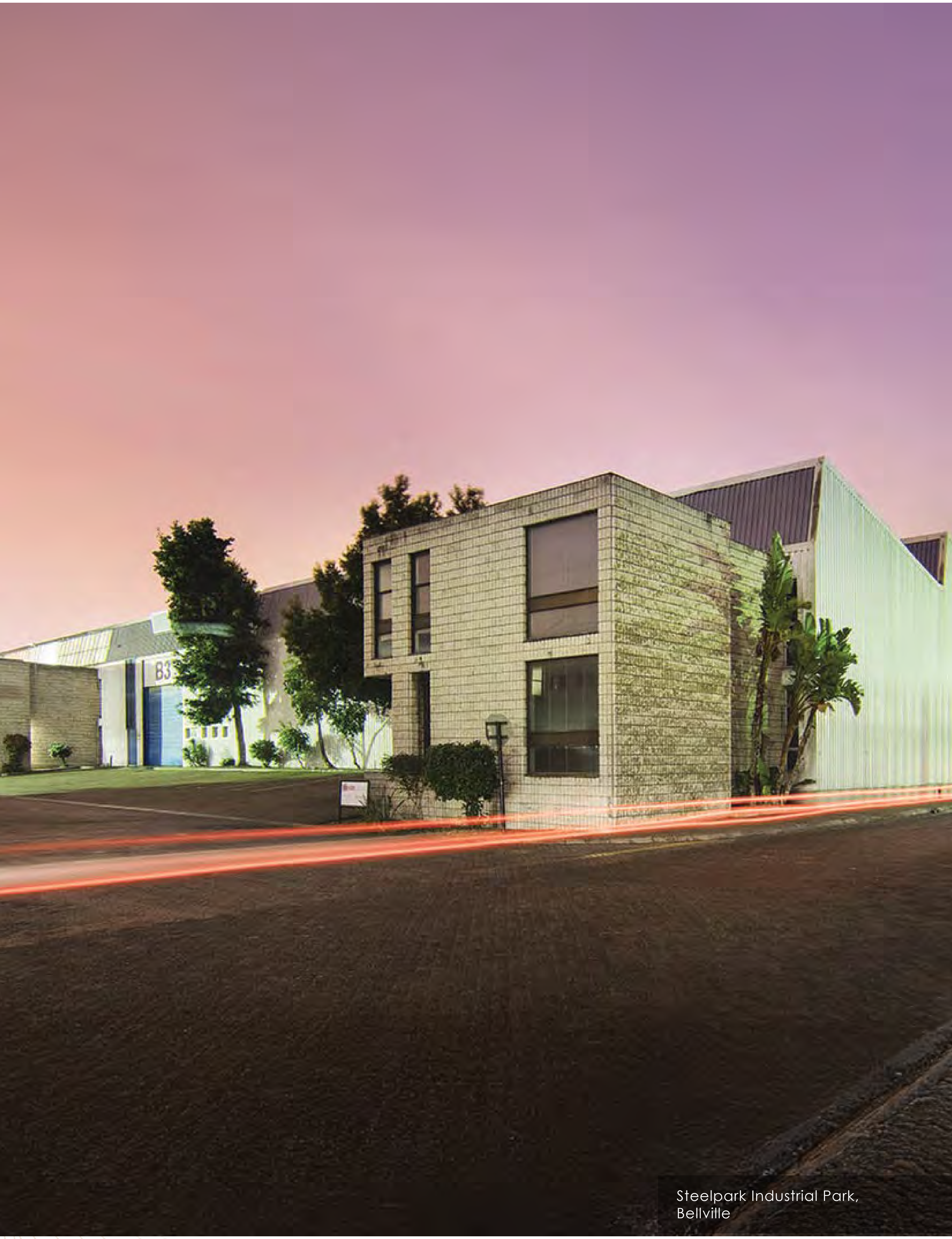


34 Marine Drive, Paarden Eiland



The View, Tygervalley


The Studios, Atlas Gardens



Steelpark Industrial Park,
Bellville

CONSOLIDATED

FINANCIAL STATEMENTS

Audit and Risk Committee Report	57
Directors' Responsibility Statement	60
Declaration by the Company Secretary	60
Directors' Report	61
Independent Auditor's Report	64
Consolidated and Separate Statement of Financial Position	68
Consolidated and Separate Statement of Comprehensive Income	69
Consolidated and Separate Statement of Changes in Equity	70
Consolidated and Separate Statement of Cash Flows	71
Notes to the Financial Statements	72
Appendix 1 – Property Analysis	106
Appendix 2 – Adoption of SA REIT Best Practice Recommendations	108
Appendix 3 – Shareholder Analysis	111

Blackheath Park, Blackheath

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.

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 2025 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 the 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 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

Members of the audit committee and attendance at meetings

The audit and risk committee consists of four 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

UES Commercial, Woodstock

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
- J Solms (appointed 1 April 2025)

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 auditor

In assessing the auditor's independence, the committee considered guidance contained in King IV™ as well as the Independent Regulatory Board for Auditors ("IRBA")'s 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 auditor, 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 auditor does 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 auditor's independence was not prejudiced by any consultancy, advisory or other work undertaken or as a result of any previous appointment as auditor.

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 Standard on Quality Control by the IRBA. No legal or disciplinary proceedings have been concluded against the firm since inception of being the auditor of 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 ending 28 February 2026 and Junaid Dhansay as the designated individual registered auditor who will undertake the audit on behalf of BDO South Africa Incorporated after the five-year audit partner rotation was implemented by BDO post the 2025 financial audit.

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 2025 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. Junaid Dhansay are suitable for appointment 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; and 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.

Expertise and experience of 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 Listings 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 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 Listings 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 28 February 2025, 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 28 February 2025.

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 28 February 2025.

Jalaloodien Ebrahim Allie
Chair: Audit and Risk Committee

16 May 2025

Blackheath Warehouse, Blackheath

DIRECTORS' RESPONSIBILITY STATEMENT

Spear REIT Limited and its subsidiaries for the year ended 28 February 2025

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 28 February 2025, 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 director's 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' responsibilities also include 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 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 68 to 105, 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
- 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 16 May 2025 and are signed on its behalf by:

Quintin Michael Rossi
Chief Executive Officer

Christiaan Barnard
Chief Financial Officer

16 May 2025

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 28 February 2025, 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

16 May 2025

DIRECTORS' REPORT

Spear REIT Limited and its subsidiaries for the year ended 28 February 2025

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	75.61
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 South African economic events and this resulted in no additional adjustments or provisions required at year-end.

Refer to note 23 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 an interest cover ratio of 2 times.

The group's overall debt was R1 577 million at the reporting date as detailed in note 7 to the consolidated financial statements.

27 Junction Road, Parow

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 339.9 million shares from 282.4 million shares of no par value from the prior year-end.

Reconciliation of share movements:

Date	Shares (million)	Rand per share	Reason
2024/07/08	0.69	8.65	CSP issue July 2024
2024/08/26	6.59	9.10	Share for cash issue
2024/09/23	50.30	9.10	Vendor placement

At the end of the current period 320 399 939 shares of no par value were in issue after deducting 19 587 037 treasury shares.

All movements in issued shares are detailed in note 12 to the financial statements.

Distribution to shareholders

The board of directors declared distribution number 17 of 41.74 cents per share on 22 May 2025.

Distribution number 16 and 17 for the year ended 28 February 2025 represent a 3.06% increase over the distribution for the year ended 29 February 2024.

Salient dates for the distribution are as follows:

	2025
Declaration date	Thursday, 22 May
Last day to trade cum dividend distribution	Tuesday, 10 June
Shares trade ex dividend distribution	Wednesday, 11 June
Record date	Friday, 13 June
Payment date	Tuesday, 17 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 26 and 27.

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.

- Brian Leon Goldberg
- Bongani Raziya
- Cormack Sean McCarthy

Company Secretary

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

Directors' interest in ordinary shares

Directors' interest as at 28 February 2025

Directors	Directly	Indirectly	Total	%
Abu Varachhia[1]	–	15 359 683	15 359 683	4.52
Mike Flax	–	17 163 324	17 163 324	5.05
Sean McCarthy[2]	–	16 224 544	16 224 544	4.77
Quintin Rossi[3]	–	8 264 509	8 264 509	2.43
Brian Goldberg	–	1 342 813	1 342 813	0.39
Bongani Raziya[5]	–	8 854 950	8 854 950	2.60
Christiaan Barnard[4]	–	442 600	442 600	0.13
Jalal Allie	–	106 584	106 584	0.03
Dr. Roze Phillips	–	–	–	0.00
Total	**–**	**67 759 007**	**67 759 007**	**19.93**

Directors' interest as at 29 February 2024

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

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 disclosure in terms of section 3.63 and only applies to the below directors:

1 *14 million shares to the value of R135.80 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 *10.14 million shares to the value of R98.37 million are pledged as security against a rolling 24-month interest only carry facility of R9.745 million.*

3 *7.85 million shares to the value of R76.14 million are pledged as security against a rolling 36-month interest only facility of R30 million.*

4 *0.44 million shares to the value of R4.29 million are pledged as security against a rolling 24-month interest only carry facility of R1.78 million that includes various other listed equities as collateral.*

5 *8.85 million shares to the value of R85.89 million are pledged as security against a 36-month interest only loan of R57.77 million that was used to acquire the shares. The loan has an LTV of 70%.*

The share price used is R9.70, being the closing price on the last business day for the year ended 28 February 2025.

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 Appendix 3 to the separate financial statements.

Freeway Park, Maitland

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Spear REIT Limited

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 68 to 105, which comprise the consolidated and separate statements of financial position as at 28 February 2025, 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 seperate 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 28 February 2025, 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 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 and company 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.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group and company materiality	Group: R86 614 040 Company: R65 685 347
How we determined it	1.5% of Total Assets
Rationale for the materiality benchmark applied	Spear REIT and its subsidiaries is a real estate investment group based in the Western Cape, strategically focused on delivering long-term shareholder returns through investment in property. While the group operates with a profit-oriented approach, its primary objective is to achieve sustainable growth and value creation for stakeholders. We have selected consolidated total assets as the benchmark for materiality because it is widely regarded as the most relevant metric by users of the financial statements when evaluating the group and company's performance. Based on professional judgment and an analysis of typical quantitative thresholds applied in this sector, we determined a materiality level of 1.5%. This threshold aligns with industry standards and reflects a consistent approach to assessing materiality within entities operating in the real estate investment sector.

Group Audit Scope

We developed the scope of the group audit in order to perform sufficient work to allow us to provide an opinion on the consolidated financial statements as a whole, taking into account, our understanding of the group and its environment, the structure of the group, and our assessment of the risk of material misstatement at a group level.

Our scoping assessment included the identification and assessment of risks of material misstatement of the group financial statements which incorporated all entities in the group, whose financial information has been included in the group financial statements.

In establishing the scoping assessment, we determined audit work to be performed at each component where group risks of material misstatement has been identified. We have not involved components auditors for the purpose of the group audit. Audits of components were carried out by the group engagement team.

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.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties (consolidated and separate financial statements Notes 6 and 27) The group and company's investment property portfolio relates largely to Cape Town based properties. It is the group and company's 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 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, and their location, taking cognisance of the tenant occupying the properties, would affect the valuation of the investment property. Management furthermore 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 current year audit of the consolidated and separate financial statements due to the significance of the balance, the estimation uncertainty and the level of judgement involved.	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. We identified no aspects in this regard which required further consideration. • We agreed investment property fair values to the underlying calculations and valuation reports. • As part of our audit, we performed risk assessment procedures on all properties held by the group as at year-end, excluding properties acquired during the current financial year. These procedures involved evaluating the inputs used in the valuations against market and historical property-specific information. • Investment properties acquired in the current year and inputs identified through the risk assessment procedures were selected for testing. In respect of these properties and inputs, 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, and whether the valuations approach has been applied consistently. We did not note any inconsistencies in this regard; – 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. Based on the results of our assessment we accepted the forecast revenue applied by management in the first year of the DCF model; – 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 found that the growth rates applied fell within reasonable ranges of our expectations; – We assessed the reasonability of the discount and capitalisation rates applied by comparing it to independently obtained 3rd party data. – In respect of certain of these properties we further made use of an external auditor's expertise to assess the appropriateness of the key assumptions used in the determination of the fair values in accordance with the IFRS Accounting Standards. No matters were identified which required further consideration. • We evaluated whether the adequacy of the disclosures in the consolidated and separate financial statements relating to the valuation of investment properties was in accordance with the IFRS Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Spear REIT Limited Consolidated and Separate Financial Statements for the year ended 28 February 2025 (Extracted from the Integrated Annual Report 2025 to be released 30 May 2025)", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate 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 Annual Report 2025, which is expected to be made available to us after that date. The other information does not include the consolidated and 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 and will 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 prior to the date of this auditor's report, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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 and company'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 and/or the company 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.

Hamilton House, Cape Town

Bloemhof Building, Tygervalley

- 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 and company'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 and the company'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 and/or the company 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Spear REIT Limited for 10 years.

BDO SA Inc.

BDO South Africa Incorporated
Registered Auditors

Bernard van der Walt
Director
Registered Auditor

123 Hertzog Boulevard
Foreshore
Cape Town, 8001
16 May 2025

14-16 Boston Circle, Airport Industria

CONSOLIDATED AND SEPARATE STATEMENT OF

FINANCIAL POSITION

Spear REIT Limited and its subsidiaries for the period ended 28 February 2025

	Notes	Group February 2025 R'000	Group February 2024 R'000	Company February 2025 R'000	Company February 2024 R'000
ASSETS					
Investment property (Including straight-line accrual)	6.1 and 6.2	**5 432 267**	4 180 066	**2 434 966**	1 324 025
Investment in subsidiaries	8	**–**	–	**1 641 947**	1 695 708
Property, plant and equipment		**333**	500	**–**	–
Deferred taxation	15	**436**	433	**–**	–
Non-current assets		**5 433 036**	4 180 999	**4 076 913**	3 019 733
Investment properties held for sale	6,3	**100 000**	443 000	**100 000**	400 000
Financial assets		**15 987**	–	**15 987**	–
Loans to related parties	9	**–**	215	**171 262**	24 108
Trade and other receivables	10	**16 758**	23 337	**6 120**	5 915
Cash and cash equivalents	11	**73 860**	25 051	**8 997**	3 181
Taxation receivable		**732**	–	**563**	–
Other financial asset		**563**	820	**–**	–
Current assets		**207 900**	492 423	**302 929**	433 204
TOTAL ASSETS		**5 640 936**	4 673 422	**4 379 842**	3 452 937
EQUITY AND LIABILITIES					
Shareholders' interest					
Share capital	12	**2 935 811**	2 388 960	**3 087 497**	2 525 387
Share-based payment reserve	27	**17 210**	12 754	**17 210**	12 754
Accumulated income		**955 549**	661 331	**349 865**	167 610
Total attributable to owners		**3 908 570**	3 063 045	**3 454 572**	2 705 751
Non-controlling interest		**13 112**	13 112	**–**	–
TOTAL EQUITY		**3 921 682**	3 076 157	**3 454 572**	2 705 751
Liabilities					
Financial liabilities	7	**1 063 570**	1 247 616	**571 695**	452 576
Non-current liabilities		**1 063 570**	1 247 616	**571 695**	452 576
Financial liabilities	7	**513 441**	240 442	**261 513**	235 620
Loans from related parties	9	**–**	–	**33 767**	29 671
Lease liability		**16 348**	12 669	**620**	730
Trade and other payables	13	**125 895**	96 439	**57 675**	28 499
Taxation payable		**–**	99	**–**	91
Current liabilities		**655 684**	349 649	**353 575**	294 610
TOTAL LIABILITIES		**1 719 254**	1 597 265	**925 270**	747 186
TOTAL EQUITY AND LIABILITIES		**5 640 936**	4 673 422	**4 379 842**	3 452 937
Number of ordinary shares in issue		**339 986 976**	282 400 242		
Treasury shares		**(19 587 037)**	(22 314 509)		
Net ordinary shares in issue		**320 399 939**	260 085 733		
Gearing ratio – Annexure 2	(%)	**27.08**	31.64		
Net asset value per share	(Rands)	**12.20**	11.78		
Tangible net asset value per share	(Rands)	**12.20**	11.78		
Tangible net asset value per share net of distribution	(Rands)	**11.78**	11.39		

COMPREHENSIVE INCOME

Spear REIT Limited and its subsidiaries for the period ended 28 February 2025

			Group		Company	
		Notes	**February 2025 R'000**	February 2024 R'000	**February 2025 R'000**	February 2024 R'000
Property revenue						
– Contractual rental income			**498 529**	440 424	**212 483**	175 059
– Tenant recoveries			**181 779**	164 206	**50 845**	49 645
– Distribution income			**–**	–	**112 042**	98 562
– Straight-line rental income accrual			**9 749**	11 263	**5 449**	6 355
Property revenue		16	**690 058**	615 893	**380 820**	329 621
Other income		17	**1 395**	3 511	**233**	2 820
Total revenue			**691 453**	619 404	**381 052**	332 441
Property operating and management expenses		18	**(241 272)**	(215 016)	**(72 337)**	(67 710)
Net property-related income			**450 181**	404 387	**308 716**	264 731
Administrative expenses		18	**(45 882)**	(35 901)	**(3 402)**	(1 319)
Net property operating profit			**404 299**	368 486	**305 314**	263 412
Fair value adjustment – Investment properties			**277 091**	176 893	**187 517**	28 379
Depreciation		8	**(15 671)**	(15 373)	**(3 457)**	(3 928)
Listing cost			**(363)**	(351)	**(363)**	(351)
Share-based payment expense		27	**(14 836)**	(8 454)	**(14 836)**	(8 454)
Profit from operations			**650 520**	521 200	**474 175**	279 058
Net finance cost			**(118 148)**	(156 538)	**(56 522)**	(71 971)
– Finance costs		20.1	**(122 030)**	(159 177)	**(57 845)**	(72 263)
– Finance income		20.2	**3 882**	2 640	**1 322**	292
Profit before taxation			**532 372**	364 663	**417 652**	207 086
Taxation		19	**(7 252)**	(1 923)	**(4 496)**	(1 028)
Profit for the year			**525 120**	362 740	**413 156**	206 058
Other comprehensive income			**–**	–	**–**	–
Total comprehensive income for the year			**525 120**	362 740	**413 156**	206 058
Profit attributable to:						
Equity owners of parent			**525 120**	362 740	**413 156**	206 058
Non-controlling interest			**–**	–	**–**	–
			525 120	362 740	**413 156**	206 058
Attributable to:						
Equity owners of parent			**525 120**	362 740	**413 156**	206 058
Non-controlling interest			**–**		**–**	–
Total comprehensive income for the year			**525 120**	362 740	**413 156**	206 058
– Actual number of shares in issue			**339 986 976**	282 400 242		
– Weighted number of shares in issue			**286 313 309**	224 512 727		
Basic earnings per share	(cents)	3	**183.41**	161.57		
Diluted earnings per share	(cents)	3	**179.36**	158.29		
Distribution per share	(cents)		**81.27**	78.86		
Interest cover ratio	(times)		**3.34**	2.28		

CONSOLIDATED AND SEPARATE STATEMENT OF

CHANGES IN EQUITY

Spear REIT Limited and its subsidiaries for the period ended 28 February 2025

Group (R'000)	Share capital	Accumulated profit	Equity reserve	Total attributable to parent	Non-controlling interest	Total equity
Balance as at 28 February 2023	**2 102 146**	**475 506**	**16 757**	**2 594 409**	**13 112**	**2 607 521**
Changes in equity:						
Profit for the period	–	357 740	–	357 740	–	357 740
Issue of shares	313 169	–	–	313 169	–	313 169
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	7 383	–	(12 456)	(5 073)	–	(5 073)
Balance as at 29 February 2024	**2 388 960**	**661 330**	**12 754**	**3 063 044**	**13 112**	**3 076 156**
Changes in equity:						
Profit for the period	**–**	**525 120**	**–**	**525 120**	**–**	**525 120**
Proceeds/(cost) to issue shares	**515 557**	**–**	**–**	**515 557**	**–**	**515 557**
Acquisition of treasury shares	**(4 358)**	**–**	**–**	**(4 358)**	**–**	**(4 358)**
Disposal of treasury shares	**29 623**	**–**	**–**	**29 623**	**–**	**29 623**
Distributions to shareholders	**–**	**(230 901)**	**–**	**(230 901)**	**–**	**(230 901)**
Share-based payment expense	**–**	**–**	**14 836**	**14 836**	**–**	**14 836**
Vesting conditional share plan	**6 028**	**–**	**(10 380)**	**(4 352)**	**–**	**(4 352)**
Balance as at 28 February 2025	**2 935 811**	**955 549**	**17 210**	**3 908 570**	**13 112**	**3 921 683**

Company (R'000)	Share capital	Accumulated profit/(loss)	Equity reserve	Total equity
Balance as at 28 February 2023	**2 211 812**	**133 468**	**16 756**	**2 362 036**
Changes in equity:				
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 of conditional share plan	–	–	(12 456)	(12 456)
Balance as at 29 February 2024	**2 525 387**	**167 611**	**12 754**	**2 705 752**
Changes in equity:				
Profit for the period	**–**	**413 156**	**–**	**413 156**
Investment in subsidiary	**61 544**	**–**	**–**	**61 544**
Issue of shares	**494 538**	**–**	**–**	**494 538**
Distributions to shareholders	**–**	**(230 902)**	**–**	**(230 902)**
Share-based payment expense	**–**	**–**	**14 836**	**14 836**
Vesting of conditional share plan	**6 028**	**–**	**(10 380)**	**(4 352)**
Balance as at 28 February 2025	**3 087 497**	**349 865**	**17 210**	**3 454 572**

CONSOLIDATED AND SEPARATE STATEMENT OF

CASH FLOWS

Spear REIT Limited and its subsidiaries for the period ended 28 February 2025

	Notes	Group		Company	
		February 2025 R'000	February 2024 R'000	**February 2025 R'000**	February 2024 R'000
Cash flow from operating activities					
Cash generated from operating activities	20	**429 391**	365 891	**326 832**	261 564
Finance costs	20.1	**(121 506)**	(158 033)	**(57 578)**	(72 220)
Finance income	20.2	**3 882**	1 496	**1 322**	292
Distribution paid	20.4	**(230 902)**	(171 915)	**(230 902)**	(171 915)
Taxation paid	20.3	**(7 254)**	(1 674)	**(4 496)**	(1 160)
Taxation received		**–**	145	**–**	132
Net cash generated from operations		**73 611**	35 910	**35 178**	16 693
Cash flows from investing activities					
Acquisition of investment property	6	**(1 154 941)**	(218 751)	**(1 154 941)**	(190 241)
Cost incurred on developments	6	**(25 419)**	(13 973)	**(12 758)**	(8 338)
Cost capitalised to investment property	6	**(64 288)**	(43 687)	**(13 729)**	(14 690)
Proceeds on sale of investment property	6	**597 559**	37 676	**544 995**	–
Acquisition of property, plant and equipment		**(154)**	(69)	**–**	–
Contribution from subsidiary		**–**	–	**115 305**	–
Contribution to subsidiary		**–**	–	**–**	(65 100)
Advances of loans to related parties		**–**	–	**(564 316)**	(292 539)
Receipt of loans to related parties		**–**	–	**394 628**	263 118
Net cash used in investing activities		**(647 243)**	(238 804)	**(690 816)**	(307 790)
Cash flow from financing activities					
Proceeds/(Costs) to issue shares	12	**516 276**	313 169	**517 072**	313 575
Proceeds on dividend reinvestment programme	12	**–**	–	**–**	–
Proceeds from financial liabilities	7.2	**2 319 609**	1 012 870	**890 045**	209 926
Repayment of financial liabilities	7.2	**(2 231 181)**	(1 076 834)	**(745 299)**	(238 774)
Repayment of related party loan	9	**–**	–	**(32 474)**	(11 005)
Proceeds from related party loan	9	**–**	–	**36 570**	16 293
Repayment of solar lease liability		**(2 930)**	(2 062)	**(110)**	(75)
Loan received from/(advanced to) related party	9	**215**	(145)	**–**	–
Purchase of treasury shares	12	**(4 820)**	(41 525)	**–**	–
Proceeds from sale of treasury shares	12	**29 623**	8 813	**–**	–
Cost of Conditional Share Plan shares issued	27	**(4 351)**	(5 864)	**(4 352)**	(792)
Net cash generated from financing activities		**622 442**	208 422	**661 453**	289 148
Total cash movement for the period		**48 810**	5 528	**5 816**	(1 949)
Cash at the beginning of the period		**25 051**	19 523	**3 181**	5 128
Cash at the end of the period	11	**73 861**	25 051	**8 997**	3 179

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 Accounting Standards 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 26 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 26 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 properties, property portfolios and 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 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	27
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.

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	13
Financial assets	
Financial liabilities	7

1. Basis of presentation of financial statements (continued)

1.5 Financial instruments (continued)

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 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. Basis of presentation of financial statements (continued)

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's 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.

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 IAS40 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, recognise 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 variable and non-material leases non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

1. Basis of presentation of financial statements (continued)

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 are 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.

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 the 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 consist 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 27 for a description of the terms, the estimates used in the valuation and the accounting measurement and disclosure requirements.

1. Basis of presentation of financial statements (continued)

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.

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 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 effective
IFRS 16 Leases (Amendment – Lease Liability in a Sale and Leaseback)	1 January 2024
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)	1 January 2024
IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities vs Covenant)	1 January 2024

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

2. New Standards and interpretations (continued)

2.2 Standards and interpretations issued but not yet effective at 28 February 2025

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.

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

New and amended IFRS standards	Summary of the new or amended standard	Annual period beginning on or after	Impact on the group
Annual Improvements to IFRS Accounting Standards	Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard, or correct relatively minor unintended consequences, oversights or conflicts between requirements of the Accounting Standards. The proposed improvements are packaged together in one document: • Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7) • Gain or Loss on Derecognition (Amendments to IFRS 7) • Introduction and Credit Risk Disclosures (Amendments to Guidance on Implementing IFRS 7) • Derecognition of Lease liabilities (Amendments to IFRS 9) • Transaction Price (Amendments to IFRS 9) • Determination of a "De Facto Agent" (Amendments to IFRS 10) • Cost Method (Amendments to IAS 7)	1 January 2026	Not material
IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure (Contracts Referencing Nature-dependent Electricity (previously Power Purchase Agreements))	On 18 December 2024 the IASB issued amendments to improve the reporting by companies of the financial effects of nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs). Nature-dependent electricity contracts assist companies to secure their electricity supply from wind and solar power sources. Since the amount of electricity generated under these contracts may vary based on uncontrollable factors related to weather conditions, current accounting requirements may not adequately capture how these contracts affect a company's performance.	1 January 2026	Not material

2. New Standards and interpretations (continued)

2.2 Standards and interpretations issued but not yet effective at 28 February 2025 (continued

New and amended IFRS standards	Summary of the new or amended standard	Annual period beginning on or after	Impact on the group
IFRS 18 Presentation and Disclosure in Financial Statements	IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements and is mandatorily effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18, which was published by the IASB on 9 April 2024, sets out significant new requirements for how financial statements are presented, with particular focus on: • The statement of profit or loss, including requirements for mandatory sub-totals to be presented. IFRS 18 introduces requirements for items of income and expense to be classified into one of five categories in the statement of profit or loss. This classification results in certain sub-totals being presented, such as the sum of all items of income and expense in the operating category comprising the new mandatory "operating profit or loss" sub-total. • Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements. • Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards with adjustments made (e.g. "adjusted profit or loss"). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards.	1 January 2027	Only disclosure impacted

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 2, 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

Shares in issue		**2025 Number of shares**	2024 Number of shares
Number of shares in issue at end of period net of treasury shares		**320 399 939**	260 085 733
Weighted average shares in issue net of treasury		**286 313 309**	224 512 727
Add: weighted potential dilutory impact of CSP		**6 454 174**	4 644 183
Diluted weighted average number of shares in issues		**292 767 483**	229 156 910
Basic earnings per share			
Earnings (profit attributable to owners of the parent)	(R'000)	**525 120**	362 740
Basic earnings per share	(cents)	**183.41**	161.57
Diluted earnings per share	(cents)	**179.36**	158.29

3.2 Headline earnings per share

Reconciliation between basic earnings and headline earnings	**2025 R'000**	2024 R'000
Earnings (profit attributable to owners of the parent)	**525 120**	362 740
Adjusted for:	**Gross**	Gross
Fair value adjustments to investment properties	**(277 091)**	(176 893)
Taxation on items	**–**	–
Headline earnings	**248 030**	185 847
Headline earnings per share	**Cents**	Cents
Headline earnings per share	**86.63**	82.78
Diluted headline earnings per share	**84.72**	81.10

No adjustments per the above reconciliation is impacted by non-controlling interests.

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 is based on the strategic nature of investment properties:

- Industrial
- Commercial
- Retail
- 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.

4. Segment information (continued)

The segment information for the group for the year ended 28 February 2025 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	**279 379**	**287 430**	**114 779**	**116**	**–**	**681 704**
Straight-lining of leases	**10 807**	**(1 359)**	**300**	**–**	**–**	**9 749**
Net property operating profit	**189 090**	**188 492**	**70 620**	**(43 767)**	**(136)**	**404 299**
Fair value adjustments	**73 128**	**155 640**	**48 322**	**–**	**–**	**277 091**
Profit from operations	**258 938**	**333 809**	**117 196**	**(59 286)**	**(136)**	**650 520**
Finance income	**457**	**1 332**	**1 779**	**106**	**208**	**3 882**
Finance costs	**(38 714)**	**(56 201)**	**(6 409)**	**(20 567)**	**(139)**	**(122 030)**
Investment property	**2 088 424**	**2 216 589**	**955 867**	**–**	**–**	**5 260 879**
Investment property held for sale	**–**	**100 000**	**–**	**–**	**–**	**100 000**
Investment property under development and land	**12 694**	**–**	**–**	**–**	**69 146**	**81 841**
Straight-lining of lease asset	**38 766**	**28 571**	**22 210**	**–**	**–**	**89 547**
Total assets	**2 398 518**	**2 525 755**	**1 094 768**	**(447 610)**	**69 506**	**5 640 937**
Total liabilities	**(564 373)**	**(747 862)**	**(196 686)**	**(189 736)**	**(20 596)**	**(1 719 254)**

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

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)	(1 597 265)

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 12.

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% of the CFFO for the year ended 28 February 2025 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 recommendation ("BPR") by the SA REIT Association of 2019. Refer to Appendix 2 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 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.

Group covenants

The LTV as at 28 February 2025 was as follows:

Total borrowings	Note	**2025 R'000**	2024 R'000
Total net debt	Appendix 1	**1 503 151**	1 463 007
Carrying amount of property-related assets	Appendix 1	**5 549 882**	4 624 601
LTV ratio	(%)	**27.08**	31.64

	Covenant	**2025**	2024
Interest cover ratio	2.00	**3.34**	2.28

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.

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 exposes the company to cash flow interest rate risk, which is partially offset by cash held at variable rates. During FY2025, the company's debt were denominated in South African Rand.

5. Financial risk management and fair value measurement (continued)

5.2 Risk management (continued)

The interest rate exposure of the group to interest-bearing financial instruments is as follows as at 28 February 2025:

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Fair value interest rate risk				
– Fixed rate debt				
Standard bank	**588 670**	589 227	**355 081**	355 389
Nedbank	**576 781**	101 848	**250 000**	–
Total	**1 165 451**	691 075	**605 081**	355 389
Cash flow interest rate risk				
– Variable-rate instrument				
Standard bank	**–**	257 602	**–**	257 602
Nedbank	**411 561**	539 381	**228 127**	75 205
Total	**411 561**	796 983	**228 127**	332 807
No interest rate risk				
Cash and cash equivalents	**73 860**	25 051	**8 997**	3 181
Trade and other receivables	**16 758**	23 337	**6 120**	5 915
Trade and other payables	**125 895**	96 439	**57 675**	28 499
Loan to related parties	**–**	215	**171 262**	24 108
Loans from related parties	**–**	–	**(33 767)**	(29 671)
Total	**216 513**	145 042	**210 287**	32 033

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 28 February 2025 is illustrated below:

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Sensitivity analysis to interest rates				
Increase in earnings if interest rates had been 0.5% lower during the year	**2 058**	3 985	**1 141**	1 664
Decrease in earnings if interest rates had been 0.5% higher during the year	**(2 058)**	(3 985)	**(1 141)**	(1 664)

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 allow. 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.

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 interest rate changes and the current fixed-to-floating-rate ratio to ensure the ratio remains in the target range as set by management.

5. Financial risk management and fair value measurement (continued)

5.2 Risk management (continued)

	2025 R'000	2024 R'000
Variable debt	**411 561**	796 983
Fixed debt	**1 165 451**	691 075
Cash and cash equivalents	**(73 860)**	(25 051)
Total net debt	**1 503 151**	1 463 007
Percentage fixed (%)	**77.53**	47.24

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

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 28 February 2025 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.

28 February 2025		**Current**	**31 – 60 days past due**	**61 – 90 days past due**	**90 – 120 days past due**	**More than 120 days past due**
Lifetime expected credit losses	(%)	**5**	**5**	**7**	**10**	**45**

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

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

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

5. Financial risk management and fair value measurement (continued)

5.2 Risk management (continued)

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.

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 28 February 2025.

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

	Group		Company	
Financial institution	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000
Nedbank (Rating – Ba2)	**21 429**	7 790	**8 997**	3 181
Investec (Rating – Ba2)	**52 431**	17 261	**–**	–
	73 860	25 051	**8 997**	3 181

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 ratings were 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	
Financial instrument	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000
Cash and cash equivalents	**73 860**	25 051	**8 997**	3 181
Trade and other receivables	**16 758**	23 337	**6 120**	5 915
Loan to related parties	**–**	215	**–**	24 108
	106 605	48 603	**15 117**	33 204

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

5. Financial risk management and fair value measurement (continued)

5.2 Risk Management (continued)

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 minimise 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.

The table below analyses the company's undiscounted 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 28 February 2025								
Financial liabilities (bank debt)	**642 572**	**464 586**	**816 978**	**–**	**1 924 135**	**322 916**	**690 552**	**1 013 468**
Trade and other payables	**125 895**	**–**	**–**	**–**	**125 895**	**57 675**	**–**	**57 675**
Loan from related party	**–**	**–**	**–**	**–**	**–**	**33 767**	**–**	**33 767**
	768 467	**464 586**	**816 978**	**–**	**2 050 030**	**414 358**	**690 552**	**1 104 910**

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 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	825 175

6. Investment properties (including straight-line accrual)

Investment property

	Note	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
Investment property (excluding lease asset)	6.1	**5 260 878**	4 036 018	**2 391 663**	1 290 726
Straight-line lease asset	6.1	**89 547**	87 625	**26 887**	29 640
Investment properties under development	6.2	**81 843**	56 422	**16 418**	3 660
Investment properties held for sale	6.3	**100 000**	443 000	**100 000**	400 000
Land held for future development	6.4	**–**	–	**–**	–
		5 532 267	4 623 065	**2 534 967**	1 724 026

Reconciliation of investment property categories

		Note	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
6.1	**Investment property (including lease asset)**					
	Opening balance		**4 123 643**	3 684 006	**1 320 366**	1 017 823
	Acquisitions		**1 154 941**	218 751	**1 154 941**	190 241
	Net cost capitalised		**54 850**	28 923	**9 799**	10 762
	Fair value adjustments		**279 035**	171 893	**187 994**	28 379
	Transfer to held for sale		**(100 000)**	(43 000)	**(100 000)**	–
	Transfer from development		**–**	66 807	**–**	66 807
	Transfer to development		**–**	–	**–**	–
	Disposal		**(171 794)**	(15 000)	**(160 000)**	–
	Straight-line adjustment		**9 749**	11 263	**5 449**	6 355
	Closing balance		**5 350 424**	4 123 643	**2 418 549**	1 320 366
6.2	**Investment properties under development**					
	Opening balance		**56 422**	66 161	**3 660**	62 129
	Transfer from investment property		**–**	–	**–**	–
	Transfer from land held for development		**–**	43 009	**–**	–
	Cost capitalised		**24 210**	12 066	**12 640**	6 430
	Borrowing cost capitalised		**1 211**	1 994	**118**	1 907
	Transfer to investment property		**–**	(66 807)	**–**	(66 807)
	Closing balance		**81 843**	56 422	**16 418**	3 660
6.3	**Investment properties held for sale**					
	Fair value		**100 000**	443 000	**100 000**	400 000
	Carrying value		**100 000**	443 000	**100 000**	400 000
	Movement in investment properties held for sale:					
	Carrying value at beginning of period		**443 000**	422 676	**400 000**	400 000
	Cost incurred during disposal process		**(1 248)**	–	**(5)**	–
	Transfer from investment property	6	**100 000**	43 000	**100 000**	–
	Disposals		**(441 752)**	(22 676)	**(399 995)**	–
	Carrying value at end of the period		**100 000**	443 000	**100 000**	400 000

6. Investment properties (including straight-line accrual (continued)

	Note	Group		Company	
		2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
6.4 Land held for future development					
Opening balance		**–**	43 095	**–**	–
Cost capitalised		**–**	–	**–**	–
Acquisitions		**–**	–	**–**	–
Transfer to development		**–**	(43 095)	**–**	–
Closing balance		**–**	–	**–**	–

During the financial year ended, the group acquired several investment properties located in the Western Cape for a total consideration of R1.146 billion. The acquisitions were funded through a combination of existing cash resources, private placement of shares and debt facilities.

Directly attributable acquisition costs of R8.528 million were capitalised to the cost of the investment property.

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 R1.2 million was capitalised to investment property during the financial year (2024: R2 million). The capitalisation rate used for general and specific funding was 3-month JIBAR plus 1.50%. (2024: 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 R5 330 595 657 are encumbered as security against the group's loan facilities (note 7).

Details of valuation

Refer to note 26 for details on the fair values of investment properties.

All revenue and operating expenditure are derived from investment properties.

7. Financial liabilities

7.1 Analysis of net debt

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Secured debt held at amortised cost				
Non-current				
Nedbank	**970 002**	636 407	**478 127**	75 205
Standard Bank	**93 568**	611 209	**93 568**	377 371
	1 063 570	1 247 616	**571 695**	452 576
Current				
Nedbank	**18 340**	4 822	**–**	–
Standard Bank	**495 102**	235 620	**261 513**	235 620
	513 441	240 442	**261 513**	235 620
Total gross debt	**1 577 011**	1 488 058	**833 208**	688 196
Cash and cash equivalents	**(73 860)**	(25 051)	**(8 997)**	(3 181)
Total net debt	**1 503 151**	1 463 007	**824 211**	685 015

The Nedbank current debt relates to a one-year development facility for the George development. R261 million of the Standard Bank current debt was refinanced post year-end prior to signature date of the financial statement and the balance is due for refinance in the second half of the financial year.

7. Financial liabilities (continued)

7.1 Analysis of net debt (continued)

The summarised terms of the loans are as follows: All loans are interest only with capital due at expiry with the average margin above 3-month JIBAR being 1.58%.

		Type	Average interest rate %	Average expiry Months
Standard Bank	Fixed	–	8.59	10.68
Nedbank	Variable	3-month JIBAR	9.28	35.64
Nedbank	Fixed	–	9.28	35.30

7.2 Reconciliation of cash movement in net debt for the year ended 28 February 2025

	Group			
	2024 R'000	Interest R'000	Cash flows R'000	**2025 R'000**
Gross debt	1 488 058	122 030	(33 078)	**1 577 011**
Cash and cash equivalents	(25 051)	–	(48 810)	**(73 861)**
	1 463 007	122 030	(81 888)	**1 503 149**

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	**2 319 609**	**(2 231 181)**	**(121 506)**	**(33 078)**

	Company			
	2024	Interest	Cash flows	**2025**
Company	R'000	R'000	R'000	**R'000**
Gross debt	688 196	57 845	87 168	**833 209**
Cash and cash equivalents	(3 181)	-	(5 816)	**(8 997)**
	685 015	57 845	81 352	**824 212**

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	**890 045**	**(745 299)**	**(57 578)**	**87 168**

8. Investment in subsidiaries

	Acquisition date	Holding	Group 2025 %	Group 2024 %	Company 2025 Carrying amount R'000	Company 2024 Carrying amount R'000
Spear Holdco Proprietary Limited	2016/11/01	Direct	**100**	100	**1 407 451**	1 461 212
Webram Four Proprietary Limited	2018/07/01	Direct	**100**	100	**201 429**	201 429
George Aerotropolis Proprietary Limited	2019/10/07	Direct	**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	**–**	–
					1 641 947	1 695 708

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 2025 R'000	George Aerotropolis Proprietary Limited 2024 R'000
Percentage ownership	(%)	**75.6**	75.6
Statement of financial position			
Non-current assets		**61 808**	49 164
Current assets		**5 096**	2 631
Total assets		**66 903**	51 795
Non-current liabilities		**–**	4 822
Current liabilities		**22 565**	–
Total liabilities		**22 565**	4 822
Non-controlling interest		**13 112**	13 112
Statement of comprehensive income			
Total revenue		**–**	74
Loss from operations		**(136)**	(100)
(Loss)/Profit for the year		**(65)**	22
Profit attributable to: Equity owners of parent		**(65)**	22
Profit attributable to: Non-controlling interest		**–**	–
Statement of cash flows			
Net cash generated from operations		**703**	1 552
Net cash used in investing activities		**(11 635)**	(5 598)
Net cash generated from financing activities		**13 408**	4 746
Total cash movement for the period		**2 476**	700
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.

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

9. Loans to/(from) related parties

	Group		Company	
Entities with common directors or trustees	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000
VAXR Trust (Controlled by directors)	**–**	215	**–**	–
Subsidiary				
Spear Holdco Proprietary Limited	**–**	–	**170 356**	24 070
Webram Four Proprietary Limited	**–**	–	**(33 767)**	(29 671)
George Aerotropolis Proprietary Limited	**–**	–	**906**	38
All related party loans are unsecured, interest free and repayable on demand.				
Current assets	**–**	215	**171 262**	24 108
Current liabilities	**–**	–	**(33 767)**	(29 671)
	–	215	**137 495**	(5 562)

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 companies.

10. Trade and other receivables

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Trade receivables (tenants)	**18 299**	23 656	**5 107**	4 100
Allowance for expected credit loss	**(3 085)**	(2 344)	**–**	–
Property utility deposits	**941**	2 018	**757**	1 815
Staff loans	**50**	7	**–**	–
Other accruals	**553**	–	**256**	–
Total at amortised cost	**16 758**	23 337	**6 120**	5 915

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

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	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Large national, large listed and government tenants	**3 332**	5 422	**1 467**	1 306
Smaller international and national tenants	**2 063**	3 580	**550**	820
Other local tenants and sole proprietors	**12 904**	14 654	**3 090**	1 974
	18 299	23 656	**5 107**	4 100

The maximum exposure to credit risk for trade and other receivables are the carrying values.

10. Trade and other receivables (continued)

	Group		Company	
Ageing of trade receivables	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000
The ageing of trade receivables at year-end was as follows:				
Current – up to 30 days	**6 175**	6 927	**2 429**	1 575
Past due – between 31 and 90 days	**4 979**	6 309	**1 048**	1 616
Past due – 91 days and longer	**7 145**	10 420	**1 630**	909
	18 299	23 656	**5 107**	4 100

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 aging.

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, muted 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 0.65% of total revenue per financial year.

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Opening loss allowance	**2 344**	3 646	**–**	–
Loss allowance recognised	**3 543**	–	**–**	–
Loss allowance utilised	**(2 802)**	(1 302)	**–**	–
Closing loss allowance	**3 085**	2 344	**–**	–

Post year-end receivables as at 31 March 2025 have been reduced to R9.73 million (R8.19 million excluding VAT) from R18.3 million, further reducing the risk of non-collection. The simplified approach for recognising expected credit losses 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	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Composition of cash and cash equivalents				
Current accounts	**18 006**	6 886	**8 997**	3 181
Cash on call	**55 854**	18 165	**–**	–
	73 860	25 051	**8 997**	3 181

Credit exposure of cash and cash equivalents

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

12. Share capital

	Group 2025		Company 2025	
	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				
320 399 939 ordinary shares of the same class and no par value	**320 399 939**	**2 935 811**	**339 986 976**	**3 025 953**

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

	Group 2025		Company 2025	
Reconciliation of number of shares issued	Number of shares	Value of shares R'000	Number of shares	Value of shares R'000
Opening balance	**260 085 733**	**2 388 960**	**282 400 242**	**2 525 387**
Add back: Treasury shares prior period	**22 314 509**	**160 387**	**–**	**–**
Private placement of shares	**50 302 197**	**457 750**	**50 302 197**	**457 750**
Shares for cash	**6 593 406**	**60 000**	**6 593 406**	**60 000**
CSP share issues	**691 131**	**5 978**	**691 131**	**5 978**
Share issue cost	**–**	**(1 423)**	**–**	**(627)**
Equity reclassification	**–**	**–**	**–**	**(22 535)**
Treasury shares at cost	**(19 587 037)**	**(135 841)**	**–**	**–**
Closing balance	**320 399 939**	**2 935 811**	**339 986 976**	**3 025 953**

	Group 2024		Company 2024	
Reconciliation of number of shares issued	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	(22 314 509)	(160 387)	–	–
Closing balance	260 085 733	2 388 960	282 400 242	2 525 387

A total of 0.47 million ordinary shares were repurchased at an average price of R9.22 and held as treasury shares in a subsidiary company from prior year-end.

A total of 3.20 million ordinary shares were sold at an average price of R9.26 from treasury shares held pre the AGM held in July 2024.

13. Trade and other payables

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Tenant deposits	**76 854**	50 542	**34 498**	11 989
Trade payables	**14 636**	13 776	**4 542**	3 375
Other accruals	**1 744**	5 415	**859**	1 195
Trade receivables with credit balances	**21 061**	15 941	**14 510**	9 424
Accrual for audit fees	**738**	730	**–**	–
Payroll accruals	**4 284**	1 786	**–**	–
Non-controlling interest profit – GAT	**42**	42	**–**	–
Adjustment account liability properties sold	**855**	133	**855**	–
Total at amortised cost	**120 214**	88 364	**55 265**	25 983
VAT payable	**5 681**	8 074	**2 410**	2 516
Total trade and other payables	**125 895**	96 439	**57 675**	28 498

14. Future lease payments receivable

Contractual future lease receivables are as follows:

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Within 1 year	**518 630**	417 644	**250 658**	165 059
Year 2	**410 972**	317 992	**210 261**	113 183
Year 3	**270 189**	228 391	**139 426**	80 557
Year 4	**180 730**	130 177	**88 898**	41 379
Year 5	**126 021**	105 911	**63 051**	34 209
More than 5 years	**205 532**	250 501	**123 195**	122 778
	1 712 075	1 450 616	**875 489**	557 164

15. 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%. This income tax is shielded by an accumulated loss.

	Group	
	2025 R'000	2024 R'000
Opening balance	**434**	783
Assessed losses recognised	**2**	–
Assessed losses utilised	**–**	(349)
Net deferred tax asset	**436**	434

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 amounts to R1.6 million and will be utilised through profits not distributed.

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

16. 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	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Contractual rental income (IFRS 16)	**491 493**	440 424	**212 152**	175 059
Solar roof rental	**7 037**	–	**331**	–
Operating expenditure recoveries	**15 276**	22 962	**10 884**	12 876
Utility recoveries	**145 826**	141 244	**37 392**	36 770
Solar utility recoveries	**20 677**	–	**2 569**	–
Straight-line rental accrual	**9 749**	11 263	**5 449**	6 355
Distribution received from subsidiaries	**–**	–	**112 042**	98 562
	690 058	615 893	**380 820**	329 621

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.

17. Other income

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Fee recoveries	**8**	9	**–**	1
Lease fees	**293**	318	**111**	70
Bad debts recovered	**29**	359	**27**	–
Insurance claims	**949**	3	**95**	3
Incidental income	**116**	2 822	**–**	2 746
	1 395	3 511	**233**	2 820

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

18. Expenses by nature

		Group		Company	
Property operating and management expenditure	Notes	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000
Employee benefits	18.1	**33 825**	26 271	**–**	–
Head office expenditure	18.4	**12 057**	9 630	**3 402**	1 319
Administrative expenses		**45 882**	35 901	**3 402**	1 319
Property operating expenditure	18.4	**241 272**	215 016	**72 337**	67 710
Depreciation	18.4	**15 671**	15 373	**3 457**	3 928
Total property operating and management expenditure		**302 825**	266 291	**79 196**	72 958

All properties of the company are income-generating and generated income for the full period ended 28 February 2025 or from acquisition date, except for the land acquired.

18. Expenses by nature (continued)

18.1 Employee benefits

	Notes	Group 2025 R'000	Group 2024 R'000
Salaries and wages		**19 196**	14 506
Non-executive directors' fees	18.2	**3 320**	3 230
Executive directors' emoluments	18.3	**11 309**	8 536
		33 825	26 271

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

18.2 Non-executive directors' fees

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

		Group 2025 R'000	Group 2024 R'000
Director			
Abu Varachhia	Non-executive chairman	**761**	711
Mike Flax	Non-executive deputy chairman	**748**	699
Jalal Allie	Lead independent non-executive	**384**	371
Brian Goldberg	Independent non-executive	**370**	390
Bongani Raziya	Independent non-executive	**370**	385
Dr. Roze Phillips	Independent non-executive	**344**	324
Sean McCarthy	Non-executive	**344**	350
		3 321	3 230

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

18.3 Executive directors' emoluments

Remuneration paid to executive directors comprised of:

Year ended 28 February 2025	**Salary R'000**	**Other benefits R'000**	**Performance bonus (STI) R'000**	**Total R'000**	**Long-term incentive vested R'000**	**Total share-based payment expense R'000**	**Total R'000**
Director							
Quintin Rossi CEO	**3 616**	**379**	**2 759**	**6 754**	**2 180**	**3 148**	**12 083**
Christiaan Barnard CFO	**2 563**	**281**	**1 711**	**4 554**	**2 180**	**2 951**	**9 685**
	6 179	**660**	**4 470**	**11 309**	**4 360**	**6 099**	**21 767**

Year ended 29 February 2024	Salary R'000	Other benefits R'000	Performance bonus (STI) R'000	Total R'000	Long-term incentive vested R'000	Total share-based payment expense R'000	Total R'000
Director							
Quintin Rossi CEO	3 389	335	1 334	5 059	2 880	1 111	9 050
Christiaan Barnard CFO	2 402	248	827	3 477	2 880	1 013	7 370
	5 791	584	2 161	8 536	5 760	2 124	16 419

18. Expenses by nature (continued)

18.4 Operating, head office expenditure and depreciation

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Property taxes and utility expenses	**161 966**	138 594	**47 342**	39 984
Property operational costs	**56 250**	54 216	**17 852**	21 560
Repairs and maintenance	**23 056**	22 207	**7 142**	6 167
Depreciation	**15 671**	15 373	**3 457**	3 928
Auditor's remuneration	**1 418**	1 200	**–**	–
Accounting and taxation fees	**115**	73	**19**	8
Bad debts written off	**5 016**	1 566	**–**	–
Allowance for expected credit loss utilised	**(1 473)**	(1 566)	**–**	–
Employee benefits	**33 825**	26 271	**–**	–
Other operating expenditure	**6 980**	8 357	**3 384**	1 311
	302 825	266 291	**79 196**	72 958

19. Taxation

		Group		Company	
	Notes	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000
Current tax					
Payment relating to prior period assessments		**(1 715)**	(117)	**–**	(76)
Refunds relating to prior period assessments		**819**	145	**695**	132
Capital gains taxation paid		**(257)**	–	**–**	–
Provisional income tax paid in current period	19.1	**(6 101)**	(1 601)	**(5 191)**	(1 084)
		(7 254)	(1 573)	**(4 496)**	(1 028)
Deferred tax					
Originating and reversing temporary differences		**3**	349	**–**	–
		(7 252)	(1 923)	**(4 496)**	(1 028)

The company is a REIT and all subsidiaries in the group are "controlled companies" as defined in the Income Tax Act. After deducting the "qualifying distribution", being 95% 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.

19. Taxation (continued)

19.1 Reconciliation of tax expense

		Group		Company	
		2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Reconciliation between accounting profit and tax expense	(%)	**27**	27	**27**	27
Accounting profit		**532 372**	364 663	**417 652**	207 086
Tax at applicable rate		**143 740**	98 459	**112 766**	55 913
Non-deductible and non-taxable items in the income statement		**(73 891)**	(45 864)	**(77 022)**	(30 222)
Taxable earnings		**69 849**	52 595	**35 744**	25 691
Less: Qualifying distribution		**(62 033)**	(46 951)	**(28 820)**	(20 933)
Less: Antecedent dividend		**(1 733)**	(4 278)	**(1 733)**	(4 278)
Taxable profit		**6 083**	1 367	**5 191**	480
Assessed loss utilised		**18**	(337)	**–**	–
		6 101	1 030	**5 191**	480
Unadjusted tax receivable		**572**	604		
Provisional Income tax paid		**6 101**	1 602	**5 191**	1 084

Material items included in non-deductible and non-taxable items include fair value adjustment of R277 million (2024: R177 million) and lease smoothing of R9.7 million (2024: R11.2 million).

The prior period 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 an overpayment was made no adjustment was made as management prefers to have SARS complete their reviews prior to making adjustments to tax provisions.

The estimated tax loss available for set-off against future taxable income is R1.61 million (FY2024: R1.6 million) after the prior period utilisation of the assessed loss.

20. Cash generated from/(used in) operations

		Group		Company	
	Notes	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000
Cash generated from operations					
Profit before tax:		**532 372**	364 663	**417 652**	207 086
Adjusted for:					
Straight-line rental income accrual		**(9 749)**	(11 263)	**(5 449)**	(6 355)
Depreciation		**15 671**	15 373	**3 457**	3 928
Fair value adjustment – Investment property	6	**(277 091)**	(176 893)	**(187 517)**	(28 379)
Finance income	20.2	**(3 882)**	(2 640)	**(2 309)**	(292)
Finance cost	20.1	**122 030**	159 177	**57 845**	72 263
Share-based payment expense	27	**14 836**	8 454	**14 836**	8 454
Working capital movements					
Trade and other receivables	10	**6 579**	(5 040)	**(205)**	2 782
Trade and other payables	13	**29 456**	14 060	**29 176**	2 077
		429 391	365 891	**326 832**	261 564

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

Notes to the cash flow statement

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
20.1 Finance costs				
Interest paid on bank loans	**121 575**	159 008	**57 552**	72 143
Interest accrual at year-end	**(525)**	(1 144)	**(267)**	(43)
Interest paid on deposits	**454**	157	**291**	114
Interest paid on bank accounts	**2**	12	**1**	7
	121 506	158 033	**57 578**	72 220
20.2 Finance income				
Interest earned on late payment from tenants	**(1 107)**	(1 146)	**(230)**	(157)
Interest earned on debt facilities	**–**	1 144	**–**	–
Interest earned on call accounts	**(2 775)**	(1 494)	**(1 093)**	(135)
	(3 882)	(1 496)	**(1 322)**	(292)
20.3 Tax paid				
Taxation per the income statement	**(7 252)**	(1 923)	**(4 496)**	(1 028)
Taxation payable end of period	**–**	–	**–**	–
Taxation refunds received during period	**–**	(101)	**–**	(132)
Deferred tax utilisation	**(3)**	349	**–**	–
Balance (paid)/received during the period	**(7 254)**	(1 675)	**(4 496)**	(1 160)
20.4 Distribution paid				
Dividend of prior period paid	**(105 388)**	(86 465)	**(105 388)**	(86 465)
Interim dividend paid	**(125 514)**	(85 451)	**(125 514)**	(85 451)
	(230 902)	(171 916)	**(230 902)**	(171 916)

21. Capital commitments

	Group		Company	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Contracted tenant installation allowance	**4 414**	446	**–**	–
Contracted maintenance and capital installation to existing properties	**51 706**	11 408	**–**	–
Contracted for expansion to existing property	**–**	2 279	**–**	–
	56 120	14 133	**–**	–

22. 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 as disclosed in the notes referred to below.

	Note
Key management of the company is the executive and non-executive directors (also see the directors' report)	**18**
Investments in and amounts owing by related subsidiaries	**8**
Remuneration paid to directors, executive and non-executive	**18**
Details of directors' interest in the ordinary shares of the company are provided in the directors' report	
Details relating to share-based payments of key management	**27**

22. Related parties (continued)

	2025 R'000	2024 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)	**192**	4
– Rental received – Kitchen Emporium (close family member of executive director)	**565**	577
– Rental received – Alpha Plus Capital (close family member of executive director)	**78**	82
– Rental received – Razven Solutions (company related to non-executive director)	**392**	209
– Rental received – Brian Goldberg Prop Org (company related to non-executive director)	**31**	40
– Operating expenses – Upper Eastside (company with common directors)	**96**	543

23. Subsequent events

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

24. Financial asset by category

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

		Group			
		2025		2024	
	Notes	**Amortised cost R'000**	**Total R'000**	Amortised cost R'000	Total R'000
Trade and other receivables	10	**16 758**	**16 758**	23 337	23 337
Cash and cash equivalents	11	**73 860**	**73 860**	25 051	25 051
Loan to related party	9	**–**	**–**	215	215
Financial assets		**15 987**	**15 987**	–	–
		106 605	**106 605**	48 603	48 603

		Company			
		2025		2024	
	Notes	**Amortised cost R'000**	**Total R'000**	Amortised cost R'000	Total R'000
Trade and other receivables	10	**6 120**	**6 120**	5 915	5 915
Cash and cash equivalents	11	**8 997**	**8 997**	3 181	3 181
Loan to related party	9	**171 262**	**171 262**	24 108	24 108
		186 379	**186 379**	33 204	33 204

25. Financial liability by category

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

		Group					
		2025			2024		
	Notes	Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000	Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000
Financial liabilities	7	1 577 011	–	1 577 011	1 488 058	–	1 488 058
Loans from related party	9	–	–	–	–	–	–
Trade and other payables	13	120 214	5 681	125 895	88 364	8 074	96 439
		1 697 225	5 681	1 702 906	1 576 422	8 074	1 584 497

		Company					
		2025			2024		
	Notes	Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000	Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000
Financial liabilities	7	833 208	–	833 208	688 196	–	688 196
Loans from related party	9	33 767	–	33 767	29 671	–	29 671
Trade and other payables	13	55 265	2 410	57 675	25 983	2 516	28 498
		922 240	2 410	924 650	743 849	2 516	746 365

26. 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.

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.

26. Fair value disclosures (continued)

Levels of fair value measurements	Group 2025 R'000	Group 2024 R'000	Company 2025 R'000	Company 2024 R'000
Assets				
Non-current assets held for sale (Level 3)	**100 000**	443 000	**100 000**	400 000
Investment properties (Level 3)	**5 432 267**	4 180 065	**2 434 967**	1 324 026
Total assets at fair value	**5 532 267**	4 623 065	**2 534 967**	1 724 026

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. As per JSE requirements, one-third of investment properties are valued by an external independent valuer, being 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 28 February 2025.

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 10-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 future cash flows. The sum of the discounted net annual value of the cash flows is added to 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 are the discount rate and the 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 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 28 February 2025, the following significant assumptions and unobservable inputs used by the group in determining fair value were in the following ranges:

		Industrial	Commercial	Retail	Total 2025
Average discount rate	(%)	**13.77**	**14.05**	**14.00**	**13.94**
Average capitalisation rate	(%)	**8.77**	**9.05**	**9.00**	**8.94**
Average exit capitalisation rate	(%)	**9.02**	**9.13**	**9.00**	**9.05**
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	(%)	**0.50**	**0.50**	**0.50**	**0.50**
Void period range	(months)	**2 – 4**	**2 – 4**	**2 – 4**	**2 – 4**

These resulted in the following key metrics pertaining to the portfolio:

		Industrial	Commercial	Retail	Total
Average value per property (excluding land/bulk value)	(R'000)	**152 849**	**137 951**	**122 260**	**140 080**
Average value per square meter	(Rands)	**7 032**	**18 386**	**17 604**	**11 208**

26. Fair value disclosures (continued)

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

The fair market valuations are tested for reasonableness by comparing the resultant Rand per m² 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. The 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); vacant periods were shorter/(longer); 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	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Sensitivity analysis of most significant inputs				
Increase in fair value if capitalisation rates are decreased by 0.5%	**317 034**	244 457	**145 157**	78 355
Decrease in fair value if capitalisation rates are increased by 0.5%	**(283 341)**	(218 399)	**(129 639)**	(70 030)
Increase in fair value if discount rates are decreased by 0.5%	**200 449**	154 410	**91 852**	49 868
Decrease in fair value if discount rates are increased by 0.5%	**(186 445)**	(143 594)	**(85 395)**	(46 363)

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

26. Fair value disclosures (continued)

	Date of last external valuation	Discount rate %	Exit capitalisation rate %	**Fair value of property at 28 February 2025 R'000**
List of properties – 2025 external valuations				
Property 2	2025/02/28	13.50	8.50	**506 660**
Property 16	2025/02/28	13.75	8.75	**111 100**
Property 34	2025/02/28	14.00	9.00	**35 700**
Property 33	2025/02/28	14.00	9.00	**43 870**
Property 32	2025/02/28	14.50	9.50	**54 240**
Property 37	2025/02/28	14.50	9.50	**24 655**
Property 30	2025/02/28	13.75	8.75	**60 252**
Property 13	2025/02/28	14.00	9.00	**141 600**
Property 1	2025/02/28	14.00	9.00	**565 864**
Property 39	2025/02/28	14.50	9.50	**17 600**
Property 8	2025/02/28	13.50	8.50	**220 100**
Property 11	2025/02/28	13.50	8.50	**152 800**
Property 24	2025/02/28	14.00	9.00	**76 800**
Property 23	2025/02/28	14.50	9.50	**88 800**
Property 31	2025/02/28	14.00	9.00	**55 920**
Property 29	2025/02/28	14.00	9.00	**63 500**
Property 35	2025/02/28	14.75	9.75	**26 500**
Property 20	2025/02/28	14.00	9.00	**100 200**
Property 28	2025/02/28	14.00	9.00	**69 220**
Property 21	2025/02/28	13.75	8.75	**96 400**
Property 18	2025/02/28	13.75	8.75	**104 300**
Property 5	2025/02/28	14.00	9.00	**271 280**
Property 4	2025/02/28	13.50	8.50	**303 200**
Property 19	2025/02/28	14.50	9.50	**100 700**
Property 3	2025/02/28	14.25	9.25	**482 860**
Property 9	2025/02/28	14.50	9.50	**163 000**
Property 6	2025/02/28	13.25	8.25	**260 000**
List of properties – 2025 management valuations				
Property 14	2022/02/28	13.50	9.00	**131 000**
Property 7	2024/02/29	13.75	9.25	**251 000**
Property 12	2023/02/28	13.50	9.00	**144 000**
Property 15	2023/02/28	13.50	9.00	**116 000**
Property 10	2022/02/28	13.50	9.00	**154 000**
Property 22	2023/02/28	13.50	9.00	**95 000**
Property 27	2024/04/01	13.50	9.00	**71 000**
Property 17	2023/02/28	14.00	9.50	**107 000**
Property 25	2024/04/01	14.50	10.00	**75 000**

26. Fair value disclosures (continued)

	Date of last external valuation	Discount rate %	Exit capitalisation rate %	Fair value of property at 28 February 2025 R'000
List of properties – 2025 no valuation completed				
Property 26	2024/04/01	Note 1		**75 000**
Property 36	2024/04/01	Note 1		**25 000**
Property 38	N/A	Note 2		**22 000**
GTX	N/A	Note 3		**61 372**
Future development	N/A	Note 4		**4 051**
Future development	N/A	Note 4		**3 724**
				5 532 267

Note 1 *Properties are held for sale and is valued at the sale price as agreed between parties of R100 000 million.*

Note 2 *Penthouse property valued internally that is being marketed but with no clear prospect of sale within 12 months.*

Note 3 *Development land where bulk infrastructure works are currently being completed.*

Note 4 *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 5 *Property 23 is a land lease with a 12-year lease and 50-year option at full discretion of the lessee. Lease expenses are variable and based on 11.75% of rental income and expensed monthly.*

27. Share-based payment reserve

		Group	
	Note	**2025 R'000**	2024 R'000
Conditional Share Plan ("CSP")	27.1	**17 210**	12 754
		17 210	12 754
Reconciliation of share-based payment reserve			
Opening balance		**12 754**	16 756
Expense recognised in profit and loss			
– Conditional Share Plan		**14 836**	8 454
Shares vested during the period		**(10 380)**	(12 456)
		17 210	12 754

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

27.1 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 4	**Award 5**	**Award 6**	**Award 7**	**Award 8**
Number of shares		504 000	336 000	800 000	1 580 000	1 300 000
Grant date		2020/01/07	2021/01/07	2022/01/07	2023/05/23	2024/05/23
Vesting date		2024/06/30	2025/06/30	2026/06/30	2027/05/22	2028/05/22
Issue price at award date (30-day WVAP)	(Rands)	6.26	6.34	7.91	7.23	7.83
Fair value of award at grant date	(Rands)	4.49	4.41	4.95	4.48	4.65
Volatility	(%)	66.74	32.65	30.74	31.80	32.10
Forfeiture rate	(%)	–	–	5	10	10
Dividend yield	(%)	9.4	10.8	9.6	11.5	10.9
Performance factor	(%)	100	95	95	90	90
Status		Vested and settled	Unvested	Unvested	Unvested	Unvested

27. Share-based payment reserve (continued)

27.1 Conditional Share Plan (continued)

Outstanding CSP shares at the beginning of year were 3 220 000 and at the end of the year 4 016 000 with zero strike price at each vesting.

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 financial year Award 4 fully vested at R8.65 per share and was settled in full on a net basis. During the current and prior period no award was forfeited or has expired.

28. 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.

		BeaProp NR1 Proprietary Limited	**Manaus Capital Proprietary Limited**
Shares		3 740 260	8 854 950
Average purchase price		7.70	8.71
Total cost of shares	(R'000)	28 800	77 115
Guarantee value	(R'000)	22 500	60 000
Loan outstanding	(R'000)	21 004	57 767
Guarantee expiry		August 2025	February 2028
Market value of shares	(R'000)	36 281	85 893

29. 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

PROPERTY ANALYSIS

Property name	Location	Sector	Gross lettable area m²	Vacant area m²	Average gross rental per m² in period	Value at 28 February 2025 R'000
Property 1	Bellville	Industrial	86 195	1 318	64	**565 864**
Property 2	Milnerton	Retail	31 089	1 531	142	**506 660**
Property 3	Cape Town	Commercial	25 268	2 392	154	**482 860**
Property 4	Brooklyn	Commercial	16 981	1 057	161	**303 200**
Property 5	Century City	Commercial	11 963	915	199	**271 280**
Property 6	Newlands	Commercial	8 705	279	233	**260 000**
Property 7	Blackheath	Industrial	40 331	547	47	**251 000**
Property 8	Paarden Eiland	Industrial	21 542	450	89	**220 100**
Property 9	Cape Town	Commercial	10 135	572	154	**163 000**
Property 10	Epping	Industrial	18 450	–	51	**154 000**
Property 11	Brackenfell	Industrial	16 415	–	83	**152 800**
Property 12	Bellville	Industrial	12 879	–	94	**144 000**
Property 13	Tygervalley	Retail	6 666	75	188	**141 600**
Property 14	Blackheath	Industrial	22 201	–	46	**131 000**
Property 15	Bellville	Industrial	30 238	–	28	**116 000**
Property 16	Epping	Retail	9 320	1 524	128	**111 100**
Property 17	Century City	Commercial	4 199	–	199	**107 000**
Property 18	Tygervalley	Commercial	4 948	930	145	**104 300**
Property 19	Woodstock	Commercial	8 515	1 670	129	**100 700**
Property 20	Tygervalley	Commercial	4 915	68	158	**100 200**
Property 21	Tygervalley	Commercial	3 880	46	207	**96 400**
Property 22	Parow	Industrial	11 412	–	62	**95 000**
Property 23	Maitland	Industrial	7 863	24	110	**88 800**
Property 24	Atlas Gardens	Industrial	9 302	–	78	**76 800**
Property 25	Newlands	Commercial	5 216	110	135	**75 000**
Property 26	Cape Town	Commercial	3 452	48	186	**75 000**
Property 27	Airport Industria	Industrial	7 899	–	76	**71 000**
Property 28	Tygervalley	Commercial	4 630	55	99	**69 220**
Property 29	Tygervalley	Commercial	4 326	91	136	**63 500**
Property 30	Parklands	Retail	2 593	68	217	**60 252**
Property 31	Bellville	Industrial	9 362	–	58	**55 920**
Property 32	Paarden Eiland	Retail	7 380	677	68	**54 240**
Property 33	Paarden Eiland	Retail	4 030	–	95	**43 870**
Property 34	Paarden Eiland	Retail	5 538	–	58	**35 700**
Property 35	Tygervalley	Commercial	2 203	–	127	**26 500**
Property 36	Cape Town	Commercial	1 024	–	196	**25 000**
Property 37	Paarden Eiland	Retail	2 764	–	79	**24 655**
Property 38	Cape Town CBD	Commercial	594			**22 000**
Property 39	Paarden Eiland	Industrial	2 994	189	73	**17 600**
			487 418	14 634	120	**5 463 121**
Properties under development						
George Aerotropolis	George	Development	–	–	–	**61 372**
Sable Residences	Milnerton	Development	–	–	–	**4 051**
Marine Place	Paarden Eiland	Development	–	–	–	**3 724**
						69 146
Grand Total			487 418	14 634	120	**5 532 267**

Tenant profile	Gross lettable area m²	Gross lettable area %	Number of tenants	Number of tenants %
A – Large national, large listed and government tenants	229 288	47	105	20
B – Smaller international and national tenants	217 298	45	297	56
C – Other local tenants and sole proprietors	26 197	5	124	24
Vacant	14 634	3	–	–
	487 418	100	526	100

Geographical split	Revenue R'000	Revenue %	Gross lettable area m²	Gross lettable area %
Western Cape	681 588	100	487 418	100
	681 588	100	487 418	100

Sectoral split and vacancy profile	Number of properties	Value R'000	Value %	Property revenue R'000	Revenue %	Gross lettable area m²	Gross lettable area %	Vacant area m²	Vacancy GLA* %
Industrial	14	2 139 884	38.68	279 379	40.99	304 310	62.43	3 504	0.72
Commercial	17	2 345 160	42.39	287 430	42.17	127 548	26.17	8 938	1.83
Retail	8	978 077	17.68	114 779	16.84	55 560	11.40	2 192	0.45
Development land	–	69 146	1.25	–	–	–	–	–	–
	39	5 532 267	100.00	681 588	100.00	487 418	100.00	14 634	3.00

**Total GLA excludes GLA under development.*

Lease expiry profile

Lease expiry profile based on GLA	Industrial %	Commercial %	Retail %	Total %
Vacant	0.85	7.39	5.70	3.16
Monthly	1.58	0.61	3.97	1.68
Expiries for 03/2025 – 02/2026	14.52	24.42	13.42	16.82
Expiries for 03/2026 – 02/2027	22.40	24.54	34.56	24.66
Expiries for 03/2027 – 02/2028	15.12	18.76	21.81	16.98
Expiries for 03/2028 – 02/2029	7.16	9.25	9.63	8.03
Expiries for 03/2029 and onwards	38.37	15.04	10.90	28.67
	100.00	100.00	100.00	100.00
Lease expiry profile based on revenue				
Monthly	1.85	1.47	4.31	2.11
Expiries for 03/2025 – 02/2026	17.60	27.69	12.01	21.22
Expiries for 03/2026 – 02/2027	21.47	28.26	34.67	26.90
Expiries for 03/2027 – 02/2028	19.58	20.29	21.27	20.20
Expiries for 03/2028 – 02/2029	8.77	10.12	13.46	10.21
Expiries for 03/2029 and onwards	30.73	12.17	14.28	19.35
	100.00	100.00	100.00	100.00

Weighted average rental escalations and yields	Escalation %	Yields FY2025 %
Industrial	7.30	**9.96**
Commercial	7.29	**9.61**
Retail	7.25	**8.62**
Average	7.27	**9.57**

APPENDIX 2

ADOPTION OF SA REIT BEST PRACTICE RECOMMENDATIONS

The principles encompassed in the calculations below are aligned with the best practice recommendations ("BPR") of the SA REIT Association published in 2019 and do not comply with IFRS.

The company has established strict guidelines regarding its distribution policy to ensure that the distributable earnings are 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 2025 R'000	February 2024 R'000
Profit or loss per IFRS Statement of Comprehensive Income attributable to the parent		**525 120**	362 740
Adjusted for:			
Accounting/specific adjustments:		**(286 842)**	(187 806)
Fair value adjustments to: Investment property		**(277 091)**	(176 893)
Deferred tax movement recognised in profit or loss		**(3)**	349
Straight-lining operating lease adjustment		**(9 749)**	(11 263)
Other adjustments:		**6 418**	15 844
Antecedent earnings adjustment*		**6 418**	15 844
**Antecedent earnings adjustment relates to shares for cash placement concluded in August 2024 of R60 million and vendor placement of R518 million concluded in September 2025.*			
SA REIT FFO		**244 696**	190 778
Company-specific adjustments		**7 307**	10 028
IFRS 2 expense – CSP awards with future vesting and issue date		**14 836**	8 454
Provisional tax paid on retained income for period		**7 254**	1 573
Asset acquisition top-up deferral		**(14 783)**	–
Total distributable company FFO		**252 003**	200 805
Interim distributable income per share (DIPS)	(cents)	**41.61**	40.77
Interim DIPS growth	(%)	**2.05**	
Interim distributable income pool	(R'000)	**111 224**	90 991
Final DIPS	(cents)	**43.94**	42.22
Final distributable income pool	(R'000)	**140 779**	109 814
Total DIPS		**85.55**	82.99
DIPS growth for the year	(%)	**3.08**	
Number of shares outstanding at end of interim period (net of treasury)		**267 306 922**	223 172 814
Final number of shares outstanding at end of period (net of treasury)		**320 399 939**	260 085 733
Interim period payout ratio	(%)	**95**	94
Interim distributable company FFO	(R'000)	**105 663**	85 532
Interim company dividend per share (DIPS)	(cents)	**39.53**	38.33
Interim DPS growth	(%)	**3.14**	
Final period payout ratio	(%)	**95**	96
Final distributable company FFO	(R'000)	**133 740**	105 421
Final company DPS	(cents)	**41.74**	40.53
Average payout ratio for the year	(%)	**95.00**	95.09
Total company DPS	(cents)	**81.27**	78.86
DPS growth for the year	(%)	**3.06**	
Taxable retained earnings	(R'000)	**12 600**	9 852
Taxation payable	(R'000)	**(7 254)**	(1 573)
Net retained income	(R'000)	**5 346**	8 279

Dividend declared and dividend per share

Total distributions for the period – 2025	Cents per share	R'000
Interim distribution declared on 24 October 2024 (Distribution number 16)	**39.53**	**105 663**
Final distribution declared on 22 May 2025 (Distribution number 17)	**41.74**	**133 740**
Total distributions for the period ended 28 February 2025	**81.27**	**239 403**
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

SA REIT net asset value (SA REIT NAV)

		February 2025 R'000	February 2024 R'000
Reported NAV attributable to the parent		**3 908 570**	3 063 045
Adjustments:			
Dividend declared and 100% cash settled		**(133 740)**	(105 421)
Deferred tax		**(436)**	(433)
SA REIT NAV:	A	**3 774 394**	2 957 191
Shares outstanding			
Number of shares in issue at period end (net of treasury shares)		**320 399 939**	260 085 733
Dilutive number of shares in issue	B	**320 399 939**	260 085 733
SA REIT NAV per share (Rands)	A/B	**11.78**	11.37

SA REIT cost-to-income ratio

		February 2025 R'000	February 2024 R'000
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)		**241 272**	215 016
Administrative expenses per IFRS income statement		**45 882**	35 901
Other expenses, if directly related to property operations, with clear explanations of these items			
Depreciation		**15 671**	15 373
Exclude:			
Depreciation expense in relation to property, plant and equipment of an administrative nature		**(321)**	(610)
Operating costs	A	**302 504**	265 682
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)		**499 925**	443 935
Utility and operating recoveries per IFRS income statement		**181 779**	164 206
Gross rental income	B	**681 704**	608 141
SA REIT cost-to-income ratio (%)	(A/B)	**44.37**	43.69

SA REIT administrative cost-to-income ratio

		February 2025 R'000	February 2024 R'000
Expenses			
Administrative expenses as per IFRS income statement		**45 882**	35 901
Other identified administrative expenses, with clear explanations of these items			
Depreciation on property, plant and equipment		**321**	610
Administrative costs	A	**46 203**	36 511
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)		**499 925**	443 935
Utility and operating recoveries per IFRS income statement		**181 779**	164 206
Gross rental income	B	**681 704**	608 141
SA REIT administrative cost-to-income ratio (%)	(A/B)	**6.78**	6.00

SA REIT GLA vacancy rate

		February 2025 R'000	February 2024 R'000
GLA of vacant space	A	**14 634**	29 351
GLA of total property portfolio	B	**487 418**	426 542
SA REIT GLA vacancy rate (%)	(A/B)	**3.00**	**6.88**

Cost of debt

	February 2025 %	February 2024 %
Variable interest-rate borrowings		
Prime – Floating reference rate plus weighted average margin	**0.00**	0.00
3-month JIBAR – Floating reference rate plus weighted average margin	**9.29**	10.16
Fixed interest rate borrowings		
Weighted average fixed rate	**9.01**	8.55
Pre-adjusted weighted average cost of debt	**9.08**	9.48
Adjustments:		
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	**9.08**	9.48

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

		February 2025 R'000	February 2024 R'000
Gross debt		**1 577 011**	1 488 058
Less:			
Cash and cash equivalents		**(73 860)**	(25 051)
Net debt	A	**1 503 151**	1 463 007
Total assets as per statement of financial position		**5 640 936**	4 673 422
Less:			
Cash and cash equivalents		**(73 860)**	(25 051)
Deferred taxation		**(436)**	(433)
Trade and other receivables		**(16 758)**	(23 337)
Carrying amount of property-related assets	B	**5 549 882**	4 624 601
SA REIT LTV (%)	A/B	**27.08**	31.64

APPENDIX 3

SHAREHOLDER ANALYSIS

Shareholder spread

	Number of shareholders	% of total shareholding	Shares held	% held
1 – 1 000 shares	3 172	55.05	260 584	0.08
1 001 – 10 000 shares	1 550	26.90	7 595 911	2.23
10 001 – 100 000 shares	806	13.99	22 564 342	6.64
100 001 – 1 000 000 shares	177	3.07	58 311 987	17.15
1 000 001 shares and over	57	0.99	251 254 152	73.90
	5 762	**100.00**	**339 986 976**	**100.00**

Shareholding greater than 5%

Beneficial holders	**Beneficiary**	**Shares held**	**% held of total**
Old Mutual Group		27 483 413	8.08
Spear Holdco Proprietary Limited	Treasury shares	19 578 776	5.76
Nedbank Group		18 510 969	5.44
		65 573 158	**19.29**

Fund managers	**Beneficiary**	**Shares held**	**% held of total**
Old Mutual Investment Group		32 534 038	9.57
36One Asset Management		29 944 533	8.81
Foord Asset Management		18 626 927	5.48
		81 105 498	**23.86**
Total number of shareholders		5 762	
Total number of shares in issue		**339 986 976**	

Shareholder split

	%	Shareholding
Collective investment schemes	44.2	150 201 933
Private companies	28.7	97 516 344
Retail shareholders	6.7	22 800 141
Retirement benefit funds	6.3	21 569 086
Trusts	3.2	10 747 480
Investment partnerships	2.5	8 431 710
Organs of state	2.2	7 323 217
Assurance companies	1.5	5 144 388
Stockbrokers and nominees	1.1	3 903 891
Medical aid funds	0.9	3 215 963
Foundations and charitable funds	0.9	2 974 707
Managed funds	0.8	2 839 848
Close corporations	0.5	1 599 907
Public companies	0.2	833 823
Insurance companies	0.2	671 670
Scrip lending	0.1	197 619
Custodians	0.0	15 249
	100	**339 986 976**

Share price performance

List price on 11 November 2016	(Rands)	9.00
Closing price 28 February 2025	(Rands)	9.70
Closing high for the period	(Rands)	10.34
Closing low for the period	(Rands)	7.60
Gross number of shares issued		339 986 976
Volume traded during period		63 646 817
Ratio of volume traded to shares issued	(%)	18.72
Rand value traded during the period	(R'000)	590 155

78 on Edward, Tygervalley

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 *
Dr. Rozett Lucille Phillips *#
Joan Solms *# (Appointed 1 April 2025)

** Non-executive*
 # Independent

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

The Place, 1st Floor
1 Sandton Drive
Sandhurst, Sandton, 2196
(PO Box 650957, Benmore, 2010)

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	30 June 2025
Next interim reporting period	31 August 2025
Next financial year-end	28 February 2026

brandesign
the brand development company

The paper stock used to print this Integrated Report is FSC (Forestry Stewardship Council) certified and sourced through sustainable, responsible forestry.

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

info@spearprop.co.za

www.spearprop.co.za