

SPEAR REIT LIMITED

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



SPEAR
REIT LIMITED

CATEGORY 1 ACQUISITION OF EMIRA WESTERN CAPE REAL ESTATE PORTFOLIO – FORECAST FINANCIAL INFORMATION AND WITHDRAWAL OF CAUTIONARY

1. INTRODUCTION

Shareholders are referred to the proposed acquisition by Spear of the Western Cape property portfolio of Emira Property Fund Limited ("**Target Property Portfolio**") ("**Acquisition**"), as announced by the Company on SENS on 2 April 2024 ("**Announcement**").

In the Announcement, Spear indicated that a further announcement, incorporating the forecast financial information relating to the Acquisition, would be released on SENS in due course. In this regard, please refer to the forecast statement of comprehensive income of the Target Property Portfolio included in paragraph 2 below.

It was also noted in the Announcement that a circular containing the full details of the Acquisition ("**Circular**"), incorporating a notice convening the required general meeting of Spear shareholders, would be distributed to shareholders. As announced by the Company on SENS on 15 May 2024, the Circular will be distributed to shareholders by no later than 2 July 2024, in accordance with the extension granted to Spear by the JSE pursuant to paragraph 9.20(b) of the JSE Listings Requirements.

2. FORECAST FINANCIAL INFORMATION

The forecast statement of profit and loss and other comprehensive income of the Target Property Portfolio ("**forecast financial information**") has been prepared:

- in relation to the Acquisition only;
- in accordance with Spear's accounting policies and in compliance with IFRS;
- in accordance with paragraphs 13.12 to 13.14 of the JSE Listings Requirements;
- the forecast financial information has not been reviewed or reported on by the auditor in terms of section 8 of the JSE Listings Requirements; and
- the forecast financial information for the 3 months ending 28 February 2025 and financial year ending 28 February 2026 are based on information derived from lease contracts, service level agreements and historic information derived from the property managers. The date of registration of the transfer of ownership of the Target Property Portfolio is assumed to be 1 December 2024 ("**Effective Date**") and therefore the forecast financial information for the year ending 28 February 2025 only includes the 3 months from the Effective Date.

FORECAST STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TARGET PROPERTY PORTFOLIO

R'000	Notes	3 Months 28-Feb-25	12 Months 28-Feb-26
Rental income	1,2 ,3, 4	44 465	186 027
Straight-line rental income		1 557	2 594
Gross property income		46 022	188 621
Property expenses		(16 690)	(69 721)
Net property income		29 332	118 900
Administration expenses		(1 067)	(4 465)
Operating profit		28 265	114 435
Finance costs		(25 547)	(103 757)

Profit before taxation	2 718	10 679
Taxation	(15)	35
Total comprehensive income for the period/year	2 703	10 714
Attributable to:		
Equity owners of parent	2 703	10 714
Non-controlling interest	-	-
Incremental basic earnings per share	1,04	4,12
Incremental diluted earnings per share	1,02	4,05
R'000	Forecast for the year ending 28 February 2025	Forecast for the year ending 28 February 2026
Profit for the year attributable to shareholders	2 703	10 714
Adjusted for:		
Change in fair values of investment properties	-	0
Headline earnings	2 703	10 714
Straight-line rental income	(1 557)	(2 594)
Distributable income	1 146	8 120
Number of ordinary shares in issue	282 400 242	282 400 242
Treasury shares	(22 314 509)	(22 314 509)
Net ordinary shares in issue	260 085 733	260 085 733
	Cents	Cents
Distribution reconciliation		
Distributable Dividend	1 146	8 120
Distribution %	95%	95%
Distribution payable	1 089	7 714
Incremental Distribution per share (cents)	0,42	2,97

Note 1

	3 Months 28-Feb-25	12 Months 28-Feb-26
Contracted/Uncontracted revenue split		
Basic gross rental (R'000)	31 910	133 471
% contracted rental revenue	88,31%	76,43%
% near contracted revenue	5,88%	14,00%
% uncontracted revenue	5,81%	9,58%
Total basic gross rental	100%	100%

Note 2

Contracted revenue is based on existing lease agreements, including contractual increases of between 5.5% and 8.0%, all of which is valid and enforceable. 88.31% and 77.43% of the rental income for period ending 28 February 2025 and year ending 28 February 2026 relates to contractual rental income respectively.

Included in the contracted revenue are rental guarantees of R1.42 million and R5.80 million in FY25 and FY26 respectively.

Note 3

Near contracted revenue comprising revenue for leases that expire during the forecast periods which has a reasonable expectation of renewal represents 5.88% and 14.00% of rental revenue for the 3 month period ending 28 February 2025 and year ending 28 February 2026 respectively. In determining the forecast renewal rental, management have assessed each lease individually with reference to the specific tenant and the current rental in comparison to the prevailing market rental rates. This assessment results in both increases and decreases in the forecast near contractual rental when compared to the last contract rental, however where an increase is forecast it is inflationary in nature.

Note 4

Uncontracted revenue comprises of lease agreements that have lapsed where the tenant is paying rent on a month-to-month basis and vacant space with no current tenant in place where income was forecasted in the forecast period. Uncontracted revenue in relation to vacant space was forecasted on a systematic take up of space on a lease-by-lease basis using current and recent lease agreements to determine the prevailing market related rental. Uncontracted revenue comprises of 5.81% and 9.58% of revenue for the 3 month period ending 28 February 2025 and financial year ending 28 February 2026 respectively.

3. WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the Announcement and the renewal of cautionary announcement released on SENS on 15 May 2024, and are advised that, as the forecast financial information relating to the Acquisition has now been disclosed, caution is no longer required to be exercised when dealing in the Company's securities.

Cape Town
23 May 2024

Sponsor and Corporate Adviser
PSG Capital



PSG CAPITAL