

**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

**SHORT-FORM ANNOUNCEMENT: UNAUDITED CONSOLIDATED INTERIM RESULTS AND DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 AUGUST 2024**
**1. SALIENT FEATURES**

		HY2025	HY2024	Variance
Distributable income per share	cents	41.61	40.77	2.06%
Distribution per share	cents	39.53	38.33	3.14%
Pay-out ratio	%	95%	94%	-
Total distributable income	R'000	111,224	90,991	22.24%
Revenue excluding smoothing	R'000	306,919	288,612	6.34%
Revenue including smoothing	R'000	310,167	294,210	5.42%
Basic earnings per share	cents	44.97	50.72	-11.34%
Headline earnings per share	cents	38.73	40.08	-3.37%

**2. KEY FINANCIAL HIGHLIGHTS**

		HY2025	FY2024
Loan-to-value	%	23.93	31.60
Interest cover ratio	Times	3.01	2.28
Tangible net asset value per share	R	11.74	11.78
SA REIT cost-to-income	%	45.76	43.69
SA REIT administrative cost-to-income	%	5.79	6.00
Weighted average cost of debt	%	9.43	9.48
Weighted average cost of variable debt	%	10.12	10.16
Weighted average cost of fixed debt	%	9.08	8.55
Fixed debt ratio	%	90.45	47.24
Weighted Average expiry of debt	Months	24.44	24.67
Number of net shares in issue	000	267,307	260,086

	Industrial	Commercial	Retail	Develop-ment land	Total	HY2024
Value of properties (R'000)	1,638,000	1,770,800	739,500	63,930	4,212,230	4,462,493
Value (%)	39	42	18	1	100	-
Property revenue excluding smoothing (R'000)	124,609	131,528	50,667	-	306,804	288,612

Revenue (%)	41	43	16	-	100	-
Gross lettable area (m)	252,941	105,343	47,425	-	405,709	426,588
Gross lettable area (%)	62	26	12	-	100	-
Vacant area (m)	8,487	9,977	1,514	-	19,978	24,780
Vacancy per sector (%)	3.36	9.47	3.19	-	-	0
Vacancy on total GLA (%)	2.09	2.46	0.37	-	4.92	5.81
Reversion % YTD	-0.09	-2.19	6.98	-	5.35	3.57
Weighted average in-force escalation (%)	7.60	7.39	7.48	-	7.47	7.41
Weighted average lease expiry (Months)	23.46	28.13	25.18	-	26.10	26.78

During the first half of FY2025, Spear's management team have remained acutely focused on successfully navigating the challenging trading environment and building on the rising tide of tenant activity year-to-date to actively drive down portfolio vacancies, in particular within Spear's commercial portfolio. HY2025 period has not been without its challenges but in the same vein has emerged as a period of renewed optimism and hope for all South Africans. A free, fair and peaceful national election was held on 29 May 2024 and what emerged was by all accounts the will of the people. The latter outcome resulted in the formation of the Government of National Unity in South Africa. The Western Cape had governance continuity coming out of the elections under the leadership of Premier Alan Winde which we welcome and look forward to continuing our co-operative relationship with the Provincial Government and the Local Authority in Cape Town as we jointly drive the growth objectives of the Western Cape.

Despite the challenging trading environment and high interest rate environment, management is optimistic that operating conditions will not remain deeply challenging forever as very encouraging prospects of economic growth, contracting government bond yields and economic growth start to emerge across the macro-economic landscape of South Africa. South Africa has been free of loadshedding for the past 200 days plus, which has further bolstered the sense of renewed optimism within the investment community, which has led to tenant commitments that were on the fence less than a year ago. Spear has benefitted and will continue to benefit from its Western Cape only focus as real estate fundamentals in the region grow from strength to strength.

The Spear portfolio is well placed to deliver on its strategic focus with the key drivers to such delivery being strong return-to-office and letting momentum, semigration, localisation, commencement of an interest rate tapering cycle in South Africa all of which will have cascading benefits to landlords and tenants alike as overhead cost pressures start to show signs of relief.

Despite the challenging trading environment, positive leasing momentum has been a hallmark of HY2025 as material inroads were made in the overall vacancy rate of the portfolio and, in particular, the vacancy rate of the office portfolio. During HY2025, in excess of 9 000 square metres of commercial office vacancies were let, reinforcing the letting demand that has returned to the office market within the Western Cape as Spear's commercial office occupancy rates increased by 616 basis points. A general theme across the Western Cape real estate market has been a genuine sense of continued optimism while still retaining a strong dose of reality as large-scale capital investments continue to be rolled out by the public and private sector in the Western Cape creating much-needed employment and social upliftment.

Despite the negative impact of cost creep in HY2025 brought on by the interest rate environment, increased repairs and maintenance requirements due to record breaking rain falls and severe weather conditions from June 2024 – end August 2024, the absorption of the City of Cape Town winter electricity tariff regime and the absorption of material increases in asset insurance and SASRIA costs in this reporting period, top-line revenue growth has shown positive signs of strengthening as portfolio vacancy rates contract, in-force escalations remain strong and positive rental reversions are achieved on a portfolio level for HY2025.

Robust rental collections, growing letting activity, tenant retention, and robust financial, debtors and vacancy management remain the key building blocks for the entire Spear team in FY2025 and beyond. As a result of aggressive marketing and letting initiatives, the core portfolio has seen occupancy levels improve to 95% in HY2025 in addition to Spear's balance sheet remaining strong and well positioned for growth with a HY2025 LTV of 23.93% prior to the implementation of the Emira transaction and the 100 Fairways Close disposal.

\* Shareholders should note that the amounts and numbers in this short-form announcement have been rounded and that the complete information is available in the full announcement referred to in paragraph 4 below.

### 3. DIVIDEND DECLARATION

The directors of the Company resolved to declare a gross interim dividend of 39.52881 cents per share from income reserves in respect of the six months ended 31 August 2024. The dividend amount, net of South African dividend tax of 20%, is 31.62305 cents per share for those shareholders who are not exempt from dividend withholding tax or are not entitled to a reduced rate in terms of the applicable double-tax agreement. The number of ordinary shares in issue at the declaration date is 339 986 976 and the income tax number of the Company is 9068437236.

The salient dates of the dividend declaration are:

Declaration date	Thursday, 24 October 2024
Last day to trade cum dividend	Tuesday, 12 November 2024
Trading ex-dividend commences	Wednesday, 13 November 2024
Record date	Friday, 15 November 2024
Date of payment	Monday, 18 November 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 November 2024 and Friday, 15 November 2024, both days inclusive.

In respect of dematerialised shareholders, the distributions will be transferred to the Central Securities Depository Participant ("**CSDP**") or broker accounts on Tuesday, 12 November 2024. Certified shareholders' distribution payments will be paid to certified shareholders bank accounts on Monday, 18 November 2024.

#### Tax implications

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

#### South African tax residents

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

- a) a declaration that the dividend is exempt from dividend tax; and
- b) a written undertaking to inform the CSDP, broker or the company, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

Shareholders are advised to contact their CSDP, broker or the company to arrange for the above-mentioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

## Non-residents shareholders

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. It should be noted that up to 31 December 2013, dividends received by non-residents from a REIT were not subject to dividend withholding tax. Since 1 January 2014, any dividend received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (“DTA”) between South Africa and the country of residence of the shareholder concerned.

Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 31.62305 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following form to their CSDP or broker in respect of uncertificated shares, or the company, in respect of certificated shares:

- a) a declaration that the dividend is subject to a reduced rate as a result of the application of DTA; and
- b) a written undertaking to inform their CSDP, broker or the company, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

Non-resident shareholders are advised to contact their CSDP, broker or company to arrange for the above-mentioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Holders of uncertificated shares must ensure that they have verified their residence status with their CSDP or broker. Holders of certificated shares will be asked to complete a declaration to the company.

## 4. SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the unaudited consolidated interim results for the six months ended 31 August 2024 (“**Full Announcement**”) and does not contain full or complete details. The Full Announcement can be found at:

<https://senspdf.jse.co.za/documents/2024/JSE/ISSE/SEAE/SEAHY25.pdf>

A copy of the Full Announcement is also available for viewing on the Company’s website at <https://spearprop.co.za/investor-communications/financial-results/SEAHY25>

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement, as a whole.

The Company has based this short-form on information extracted from the unaudited consolidated interim results of Spear for the six months ended 31 August 2024, which have not been reviewed or audited by the Company’s auditors.

## 5. RESULTS PRESENTATION

Shareholders are invited to view Spear’s interim results presentation to be broadcasted on YouTube at 11h00 SAST today, 24 October 2024.

Presentation details:

- View and listen mode;
- Link: <https://youtube.com/live/toWjlsWwR9E?feature=share>
- Presentation slides will be made available on Spear’s website shortly before the broadcast of the presentation under investor relations / financial results / presentations, at the following link: <https://spearprop.co.za/investor-communications/presentations/>
- Questions may be e-mailed during the presentation to: [info@spearprop.co.za](mailto:info@spearprop.co.za)

Cape Town  
24 October 2024

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