



SPEAR REIT LIMITED

SPEAR REIT LIMITED

(previously Arrow 2 Investments Proprietary Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2015/407237/06)

(Share Code: SEA, ISIN ZAE000228995)

("Spear" or "the Company")

PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to this cover page.

This Pre-listing Statement is not an invitation to the public to subscribe for securities, but is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public regarding the Company. This Pre-listing Statement does not constitute, envisage or represent an offer to the public, as envisaged in the Companies Act, nor does it constitute a prospectus registered in terms of the Companies Act. This Pre-listing Statement is issued in respect of:

- a capital raising of up to R112 500 000 by way of a private placement of up to 12 500 000 Private Placement Shares in the Company at the Placement Price of R9 per Private Placement Share; and
- the subsequent Listing of all the Shares of the Company in the "Diversified REITS" sector on the AltX.

In terms of the Pre-Placement, the Company has already received irrevocable commitments from Invited Investors to subscribe for 23 308 822 Shares in the Company to the value of R187 500 000. In addition to the Capital Raisings, the Founders will sell up to 1 612 000 Shares to Invited Investors at the Placement Price of R9 per Share, the proceeds of which will be used to settle a portion of the listing fees and an assumed liability of a Spear Subsidiary.

2016

Opening date of Private Placement (09:00)	Monday, 31 October
Closing date of Private Placement (17:00)	Friday, 4 November
Results of Private Placement released on SENS on	Monday, 7 November
Listing of Shares on the AltX expected at commencement of trade (09:00) on	Friday, 11 November

Notes:

- Please refer to the "Salient Dates and Times" section on page 6 of the Pre-listing Statement for a detailed timetable of the Private Placement and the Listing.
- Invited Investors must advise their CSDP or Broker of their acceptance of the Private Placement Shares in the manner and by the cut-off time stipulated by their CSDP or Broker.

Please note:

- The offer, in the form of the Private Placement, is being made to Invited Investors only and will comprise the issue of up to 12 500 000 Private Placement Shares and the sale of up to 1 612 000 Private Placement Shares at the Placement Price of R9 per Private Placement Share.
- Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who subscribe for or purchase Private Placement Shares, the subscription and/or acquisition cost of which exceeds R1 million per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.
- Applications per Invited Investor in terms of the Private Placement must be for an amount of not less than R1 million.

Immediately prior to the Private Placement and the Listing:

- the authorised share capital of the Company comprised 1 000 000 000 ordinary Shares of no par value;
- the issued share capital of the Company comprised 56 806 299 ordinary Shares of no par value; and
- the Company had no treasury shares in issue.

Assuming that 12 500 000 new Private Placement Shares are issued at the Placement Price of R9 per Private Placement Share and including the 23 308 822 Pre-Placement Shares that will be issued on Listing, then immediately after the implementation of the Private Placement and on Listing:

- the authorised share capital of the Company will comprise 1 000 000 000 ordinary Shares of no par value;
- the issued share capital of the Company will comprise 92 615 121 ordinary Shares of no par value;
- the Company will have no treasury shares in issue; and
- the anticipated market capitalisation of the Company will be approximately R867 609 843.

On the Listing Date all Shares in issue shall rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

There are no convertibility or redemption provisions relating to any of the Private Placement Shares offered in terms of the Private Placement.

The Private Placement Shares will only be issued in Dematerialised form or through a statement of allocation until such time as they can be issued in Dematerialised form. No Private Placement Shares will be issued as Certificated Shares. There is no intention to extend a preference on allocation of the Private Placement Shares to any particular company or group, in the event of an over-application for Private Placement Shares pursuant to the Private Placement. There will be no fractions of Private Placement Shares offered in terms of the Private Placement.

The Private Placement will not be underwritten.

The Listing is conditional on the achievement of a public spread of Shareholders acceptable to the JSE, being a minimum of 10% of the issued share capital of the Company being held by the public. Should the Condition Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the Condition Precedent.

The JSE has granted the Company a listing of all its issued ordinary Shares on the AltX under the abbreviated name "SpearReit", share code "SEA" and ISIN ZAE000228995, with effect from the commencement of trade on Friday, 11 November 2016, subject to the Company having satisfied the JSE Listings Requirements regarding the spread of public Shareholders.

The Directors, whose names are set out in paragraph 10.1.1 of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement which relates to Spear and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

The advisers and experts, whose names appear in the "Corporate Information" section of this Pre-listing Statement, have given and have not, prior to the formal approval of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, being included in this Pre-listing Statement.

An abridged version of this Pre-listing Statement will be released on SENS on Monday, 24 October 2016.

Designated Adviser, Transaction Adviser and Bookrunner



PSG CAPITAL

Independent Property Valuer



Legal Adviser



Independent Reporting Accountants and Auditors



Date of issue: Friday, 21 October 2016

Copies of this Pre-listing Statement are available in English only and may, from Monday, 24 October 2016 until the Listing Date, be obtained from the registered office of the Company and from the Designated Adviser, at the addresses set out in the "Corporate Information" section of this Pre-listing Statement. A copy of this Pre-listing Statement will also be available on the Company's website (www.spearprop.co.za).

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to these important legal notes.

This Pre-listing Statement is not an invitation to the public in South Africa to subscribe for securities, but is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public regarding the Company. This Pre-listing Statement does not constitute, envisage or represent an offer to the public in South Africa, as envisaged in the Companies Act, nor does it constitute a prospectus registered in terms of the Companies Act.

OFFER IN SOUTH AFRICA ONLY

This Pre-listing Statement has been issued in connection with the Private Placement in South Africa only and is addressed only to Invited Investors to whom the Private Placement may lawfully be made. The distribution of this Pre-listing Statement and the making of an offer by means of the Private Placement may be restricted by law. Persons into whose possession this Pre-listing Statement comes, must inform themselves about and observe any and all such restrictions. This Pre-listing Statement does not constitute an offer of or invitation to subscribe for any Shares of the Company in any jurisdiction in which the offer would be unlawful.

The release, publication or distribution of this Pre-listing Statement in certain jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. It is the responsibility of any non-resident Shareholder to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with this Pre-listing Statement.

Any Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

FORWARD-LOOKING STATEMENTS

This Pre-listing Statement contains statements about the Company that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Pre-listing Statement.

All these forward-looking statements are based on estimates and assumptions made by the Company. Although the Company believes them to be reasonable, they are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to the Company or not currently considered material by the Company.

Shareholders should keep in mind that any forward-looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of the Company not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. The Company has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Pre-listing Statement after the date of this Pre-listing Statement, except as may be required by law.

CONFLICT OF INTERESTS

As indicated in this Pre-listing Statement, PSG Capital fulfils the functions of Designated Adviser, Transaction Adviser and Bookrunner to Spear.

It is PSG Capital's opinion, that the performance of these functions do not represent a conflict of interests for PSG Capital, impair PSG Capital's independence from Spear or impair PSG Capital's objectivity in its professional dealings with Spear or in relation to the Private Placement or the Listing.

CORPORATE INFORMATION

Directors of Spear

Abubaker Varachhia * (*Chairman*)
Michael Naftali Flax (*Chief executive officer*)
Quintin Michael Rossi (*Managing Director*)
Christiaan Barnard (*Financial Director*)
Brian Leon Goldberg **
Jalaloodien Ebrahim Allie ** (*Lead independent Director*)
Niclas Kjellström-Matseke **

* *Non-executive*

Independent

Date of incorporation

18 November 2015

Place of incorporation

South Africa

Registered office

5th Floor
Double Tree by Hilton at the Upper Eastside
31 Brickfield Road
Woodstock
Cape Town, 8010
(PO Box 50, Observatory, 7935)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
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Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Independent Property Valuer

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Great Westerford
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Rondebosch, 7725
(PO Box 4442, Cape Town, 8000)

Designated Adviser, Transaction Adviser and Bookrunner

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

and at

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Company secretary

Rene Cheryl Stober
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Independent Reporting Accountants and Auditors

Grant Thornton Cape
6th Floor, 123 Hertzog Boulevard
Foreshore
Cape Town, 8001
(PO Box 2275, Cape Town, 8000)

Legal Adviser

Cliffe Dekker Hofmeyr
11 Buitengracht Street
Cape Town, 8001
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SALIENT FEATURES

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to these salient features.

1. INTRODUCTION AND OVERVIEW OF SPEAR

- 1.1 Spear is a Western Cape focused diversified property investment company with a Cape Town bias.
- 1.2 Spear was established in 2011 as a private portfolio of investment properties (held through the Spear Property Trust), by three South African real estate industry leaders, namely, Mike Flax (chief executive officer), Quintin Rossi (managing director) and Abu Varachhia (non-executive chairman). Mike Flax and Quintin Rossi still lead the business today and Abu Varachhia has taken on the role of non-executive chairman.
- 1.3 As a private portfolio, the Spear Property Trust invested across a variety of real estate sectors including office, retail, industrial, residential and hospitality, all of which were successful investments.
- 1.4 The Spear Property Trust achieved substantial organic growth in its property portfolio by consistently applying the principle of “value-addition” to all acquisitions made. The principle of “value-addition” entails that a property would only be acquired to the extent that management was able to enhance the value of the property through aggressive letting strategies or through value enhancing development or redevelopment, in a relatively short space of time and at an acceptable cost. By applying this strategy and through a combination of organic growth and new acquisitions, the Spear Property Trust saw its property portfolio grow from an asset base of R358 million in 2011 to R1.39 billion in 2016.
- 1.5 Following a decision by the Founders to seek a listing on the AltX as a REIT, the Spear Property Trust resolved to transfer its portfolio to the Company. The Founders are substantial Shareholders in the Company and intend to remain so after the Listing, thereby aligning their interests with Shareholders.
- 1.6 Today, Spear’s property portfolio is made up of 25 properties situated throughout the Western Cape, save for one property in Gauteng, with a total value of approximately R1.39 billion, a net asset value of approximately R568 million (prior to the Capital Raisings) and which generates a forward net property related revenue of approximately R128.1 million (based on actual contractual revenue). The property portfolio comprises a well-balanced mix of residential (5%), industrial (37%), retail (22%), office (27%), hospitality (7%) and other (2%) assets. The total gross lettable area of the property portfolio is 171 786 m² of which 28% is let to single tenants and 72% to multiple tenants, ranging from JSE listed entities to SMEs.
- 1.7 After the Listing, Spear will continue to invest across the real estate sectors, however it will maintain a strict Western Cape focus with a Cape Town bias.
- 1.8 Although Spear will initially list as a REIT on the AltX, over time it is the intention of management to migrate its listing to the main board of the JSE.

2. STRATEGY AND VALUE PROPOSITION

- 2.1 Spear’s primary objective is to provide sustainable and growing distributable income as a listed REIT through yield-accretive acquisitions and the execution of its “SMART” strategy, as set out below:



Specialising in the Western Cape real estate market



Management conducted internally on all levels ie: asset, property, development & financial management



Acquisitions to be yield accretive. Properties will not be acquired unless there is value addition potential



Redevelopments and active asset management will create organic growth within the REIT



Timeous execution of tenant retention objectives

- 2.1.1 **Specialist in the Western Cape real estate market** – Spear will only invest in properties in the Western Cape due to the favourable economic and property fundamentals in the Western Cape and management’s belief that proximity to assets allows its management team to extract maximum value out of its properties from an asset management, property management and general oversight perspective;
- 2.1.2 **Management conducted internally on all levels** – The asset and property management capabilities of Spear are all conducted internally which is one of the key assets of the business, providing Spear with a significant competitive advantage over its competitors;
- 2.1.3 **Acquisitions to be yield-accretive** – Spear will only acquire a property to the extent that the acquisition is yield-accretive or has value addition potential that will enhance the yield;
- 2.1.4 **Redevelopments and active asset management** – Spear will create organic growth in its existing portfolio through redevelopments and active asset management; and
- 2.1.5 **Timeous execution of tenant retention objectives** – Spear has a core focus on retaining tenants in a timeous manner.

- 2.2 The Board views the Listing as the first step to growing the business into a mid-sized property company with a market capitalisation of approximately R8 billion over the next five years.
- 2.3 The Spear value proposition can be summarised as follows:
 - 2.3.1 Western Cape based diversified property investment company, investing in retail, industrial, office, hospitality and residential properties;
 - 2.3.2 offers investors access to a prime Western Cape focused real estate portfolio;
 - 2.3.3 located in South Africa's best location for growth;
 - 2.3.4 internally managed with a low cost structure;
 - 2.3.5 led by industry veterans with solid and successful track records; and
 - 2.3.6 property portfolio underpinned by high quality tenancies and lease covenants.

3. RATIONALE FOR LISTING AND PRIVATE PLACEMENT

The Company's rationale for the Listing and the Private Placement is to:

- 3.1 provide the Company with access to capital in order to grow its business both organically and by way of future acquisitions;
- 3.2 enhance the Company's capital raising ability, as its scrip can be placed in the form of vendor consideration placings;
- 3.3 raise capital to initially reduce debt and to have capacity to fund future acquisitions;
- 3.4 obtain REIT status and the resultant tax benefits that arise from such REIT status;
- 3.5 provide Spear Shareholders with a liquid, tradable instrument within a regulated environment; and
- 3.6 create awareness with prospective institutional and retail investors about the merits of investing in Spear.

4. PROSPECTS

The Spear portfolio is of a high quality, is underpinned by strong tenancies and lease covenants and is situated in South Africa's best location for growth. Considering the success achieved by the Company and the management team over the last five years and the significant opportunities available to it to enhance the existing portfolio and to grow through new acquisitions, the Board is of the view that the future prospects of the Company are very encouraging and is confident of delivering sustainable income and capital growth to Shareholders.

5. PRIVATE PLACEMENT

- 5.1 Prior to the Listing, the Company will raise up to R112 500 000 by way of a private placement with Invited Investors of up to 12 500 000 new Private Placement Shares, at the Placement Price of R9 per Private Placement Share. In addition, the Founders will sell up to 1 612 000 Shares to Invited Investors at the Placement Price of R9 per Share.
- 5.2 The Board has the discretion to increase or decrease the number of Private Placement Shares and the amount sought to be raised in the Private Placement.
- 5.3 **The Listing is conditional on the achievement of a public spread of Shareholders acceptable to the JSE, being a minimum of 10% of the issued share capital of the Company being held by the public. Should the Condition Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the Condition Precedent.**
- 5.4 Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who subscribe for or purchase Private Placement Shares, the subscription and/or acquisition cost of which exceeds R1 million per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement. Applications per Invited Investor in terms of the Private Placement must be for an amount of not less than R1 million.

6. LISTING ON THE JSE

The JSE has granted the Company a listing of all its issued ordinary Shares on the AltX under the abbreviated name "SpearReit", share code "SEA" and ISIN ZAE000228995 with effect from the commencement of trade on Friday, 11 November 2016, subject to the Company having satisfied the JSE Listings Requirements regarding the spread of public shareholders. The Company will be listed in the "Diversified REITS" sector.

7. ACTION REQUIRED

- 7.1 Applications by Invited Investors for Private Placement Shares must be made in accordance with the procedures and terms detailed in **Annexure 19** of this Pre-listing Statement and by completing the Application Form attached to this Pre-listing Statement.
- 7.2 Applications for Private Placement Shares can only be made for Dematerialised Shares and must be submitted through a CSDP or Broker in accordance with the Custody Agreement governing the relationship between the applicant and the CSDP or Broker by the cut-off time stipulated by the CSDP or Broker.
- 7.3 If you are in any doubt as to what action to take, you should consult your Broker, attorney or other professional adviser immediately.
- 7.4 Applications per Invited Investor in terms of the Private Placement must be for an amount of not less than R1 million.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to these salient dates and times.

2016

Pre-listing Statement distributed on	Friday, 21 October
Abridged Pre-listing Statement published on SENS on	Monday, 24 October
Opening date of Private Placement (09:00)	Monday, 31 October
Closing date of Private Placement (17:00)	Friday, 4 November
Results of Private Placement released on SENS on	Monday, 7 November
Notification of applications to successful Invited Investors	Monday, 7 November
Accounts at CSDPs or Brokers updated in respect of Dematerialised Shareholders on	Friday, 11 November
Listing of Shares on the JSE expected at commencement of trade (09:00) on	Friday, 11 November

Notes:

- The above dates are subject to change. Any such change will be announced on SENS.
- All references to dates and times are to local dates and times in South Africa.
- Invited Investors must advise their CSDP or Broker of their acceptance of the Private Placement Shares in the manner and cut-off time stipulated by their CSDP or Broker.
- CSDPs effect payment on a delivery-versus-payment basis.

DEFINITIONS AND INTERPRETATION

In this Pre-listing Statement and annexures hereto, unless the context indicates otherwise, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

“AltX”	the Alternative Exchange of the JSE;
“Application Form”	the application form to be used by Invited Investors when applying for Private Placement Shares in terms of the Private Placement, which is attached to this Pre-listing Statement (<i>grey</i>);
“Arrow Investments”	Arrow Investments 1 Proprietary Limited (registration number 2012/076690/07), a private company incorporated under the laws of South Africa, all of the issued shares in which company will be held by Spear Holdco as at the Listing Date;
“Board” or “Directors”	the board of directors of Spear, further details of which appears in paragraph 10.1 of this Pre-listing Statement;
“Broker”	a “stockbroker” as defined in the Financial Markets Act, or its nominee;
“Capital Raisings”	the Pre-Placement and the issuing of up to 12 500 000 Private Placement Shares in terms of the Private Placement;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Shares that have not been Dematerialised, title to which is evidenced by a share certificate or other Document of Title;
“CIPC”	the Companies and Intellectual Property Commission;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended;
“Condition Precedent”	the condition precedent to the Listing and the Private Placement, as set out in paragraph 11.3 of this Pre-listing Statement;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a Dematerialised share account;
“Custody Agreement”	a custody mandate agreement between a person and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on the Company’s uncertificated securities register administered by a CSDP or Broker on behalf of that person;
“Dematerialise” or “Dematerialised” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in the Company’s uncertificated securities register administered by a CSDP;
“Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Shares in question, acceptable to the Board;
“Evlah Investments”	Evlah Investments Proprietary Limited (registration number 2016/384587/07), a private company incorporated under the laws of South Africa, the issued shares in which company are held by the Rossi Trust;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012;
“Founders”	Abubaker Varachhia, Michael Naftali Flax and Quintin Michael Rossi or any of their respective associates;
“Fronsac Investments”	Fronsac Investments Limited (registration number 6078), a corporation incorporated in the State of Nevis, under the Nevis Business Corporation Ordinance 1984 (in the process of being registered in South Africa), the issued shares in which corporation are indirectly held by family members of Mike Flax;
“Fundamental Holdings”	Fundamental Holdings Proprietary Limited (registration number 2013/212845/07), a private company incorporated under the laws of South Africa, all of the issued shares in which company will be held by Spear Holdco as at the Listing Date;
“GLA”	gross lettable area;

“Independent Reporting Accountants” or “Auditors”	Grant Thornton Cape (registration number 2010/016246/07), a personal liability company incorporated under the laws of South Africa, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement;
“Independent Property Valuer”	Magnus Penny Associates CC (registration number CK2000/020267/23), trading as Mills Fitchet Magnus Penny & Wolffs, a close corporation incorporated under the laws of South Africa, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement;
“Invited Investors”	those specifically identified investors, including financial institutions, selected retail investors and selected private clients, to whom the offer under the Private Placement will be addressed and made, it being recorded that only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who subscribe for or purchase Private Placement Shares, the subscription and/or acquisition cost of which exceeds R1 million per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement;
“JSE”	the exchange, licensed under the Financial Markets Act, operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
“JSE Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“King III Code”	the King Report on Governance for South Africa, 2009;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Pre-listing Statement, being Tuesday, 18 October 2016;
“Listing”	the listing of the entire issued ordinary share capital of Spear on the AltX, which listing is expected to occur with the commencement of trade on Friday, 11 November 2016;
“Listing Date”	the date on which the Listing occurs;
“Major Subsidiary”	a major subsidiary, as defined in the JSE Listings Requirements, meaning a subsidiary that represents 25% or more of the total assets or revenue of the consolidated Group, it being noted that Spear Holdco will be the only Major Subsidiary of Spear as at the Listing Date;
“Minority Shareholders”	the minority shareholders in the Spear Subsidiaries, prior to the Spear Subsidiary Minority Acquisition, whose details are set out in Annexure 18 ;
“MOI”	the memorandum of incorporation of Spear, as approved by Shareholders on 20 July 2016, with the required special resolution having been adopted in terms of section 60 of the Companies Act, a copy of which is available for inspection, as indicated in paragraph 25 of the Pre-listing Statement;
“Mtshobela Capital”	Mtshobela Capital Holdings Proprietary Limited (registration number 2007/000456/07), a private company incorporated under the laws of South Africa, the issued shares in which company are held by the Varachhia Trust;
“m ² ”	square meters;
“NAV”	net asset value;
“Pacivista”	Pacivista Proprietary Limited (registration number 2011/117548/07), a private company incorporated under the laws of South Africa, all of the issued shares in which company will be held by Spear Holdco as at the Listing Date;
“Placement Price”	the price per Share at which Private Placement Shares are issued and sold under the Private Placement, being R9 per Share;
“Pre-listing Statement”	this Pre-listing Statement dated Friday, 21 October 2016, including all annexures hereto;
“Pre-Placement”	the private placement, undertaken by the Company prior to the Private Placement and the Listing, in terms of which the Company received irrevocable commitments from Invited Investors to subscribe for 23 308 822 Shares with Invited Investors, thereby raising R187 500 000 for the Company;
“Pre-Placement Shares”	the 23 308 822 Shares for which the Company has received irrevocable commitments from Invited Investors prior to the Private Placement and in anticipation of the Listing, which Shares shall be issued on Listing;
“Private Placement”	the private placement, to be undertaken by the Company in conjunction with the Listing, involving an offer to Invited Investors to subscribe for or purchase the Private Placement Shares in the Company at the Placement Price, such placement to be implemented by the Company issuing up to 12 500 000 Private Placement Shares to Invited Investors, thereby raising up to R112 500 000 for the Company and the Founders selling up to 1 612 000 Private Placement Shares;

“Private Placement Shares”	up to 12 500 000 new Shares and up to 1 612 000 Shares held by the Founders offered to Invited Investors under the Private Placement;
“PSG Capital” or “Designated Adviser”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“REIT”	a public Company listed on the JSE as a real estate investment trust;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
“Rossi Trust”	the trustees for the time being of the Quintin Rossi Family Trust, Master’s reference number IT 1490/2008, the beneficiaries of which are Quintin Rossi and his family;
“SENS”	the Stock Exchange News Service of the JSE;
“Share Incentive Scheme”	the share incentive scheme operated under the Spear SIT, in terms of the Spear SIT Deed;
“Shareholders”	registered holders of Shares;
“Shares”	ordinary no par value shares in the Company’s share capital;
“SME”	small and medium-sized enterprises;
“South Africa”	the Republic of South Africa;
“Spear” or the “Company”	Spear REIT Limited (registration number 2015/407237/06), previously Arrow 2 Investments Proprietary Limited, a public company incorporated under the laws of South Africa;
“Spear Acquisitions”	collectively, the Spear Property Acquisition, the Spear Subsidiaries Acquisition, the Spear Subsidiaries Minority Acquisition and the Spear Holdco Acquisition;
“Spear Group” or “the Group”	the Company and its subsidiaries, the structure of which, as at the Listing Date, is detailed in Annexure 13 ;
“Spear Group Company” or “Group Company”	any company forming part of the Spear Group;
“Spear Holdco”	Spear Holdco Proprietary Limited (registration number 2016/176523/07), a private company incorporated under the laws of South Africa, all of the issued shares in which company will be held by Spear as at the Listing Date;
“Spear Holdco Acquisition”	the acquisition by Spear of all the issued shares in Spear Holdco from Fronsac Investments, the Varachhia Trust and the Rossi Trust, in exchange for the issue of an aggregate of 52 500 857 Shares in Spear in terms of the Spear Holdco Acquisition Asset for Share Agreement, with effect from 1 November 2016;
“Spear Holdco Acquisition Asset for Share Agreement”	the asset for share agreement entitled “Asset for Share Agreement No 3” entered into between Spear Holdco, the Spear Property Trust, Fronsac Investments, the Varachhia Trust and the Rossi Trust on or about 24 August 2016, as amended by the addendum entered into between the parties on 5 October 2016;
“Spear Property Acquisition”	the acquisition by Spear Holdco of 20 immovable properties, as going concerns, from Fronsac Investments, the Varachhia Trust and the Rossi Trust (as beneficiaries of the Spear Property Trust), in exchange for the assumption of certain liabilities and the issue of an aggregate of 34 636 396 ordinary shares in Spear Holdco in terms of the Spear Property Acquisition Asset for Share Agreement, with effect from 1 November 2016;
“Spear Property Acquisition Asset for Share Agreement”	the asset for share agreement entitled “Asset for Share Agreement No 1” entered into between Spear Holdco, the Spear Property Trust, Fronsac Investments, the Varachhia Trust and the Rossi Trust on or about 24 August 2016, as amended by the addendum entered into between the parties on 5 October 2016;
“Spear Property Trust”	the trustees for the time being of the Spear Property Trust (Master’s reference number IT 741/2011);
“Spear SIT”	the Spear REIT Limited Share Purchase and Option Scheme Trust, a trust created under the Spear SIT Deed;
“Spear SIT Deed”	the trust deed for the Spear SIT, concluded between the Company (as founder) and the first trustees, a copy of which is available for inspection, as indicated in paragraph 25 of the Pre-listing Statement;
“Spear Subsidiaries”	the subsidiaries of Spear Holdco as at the Listing Date, being Arrow Investments, Fundamental Holdings, Pacivista and Upper East Side Hotel, details of which are set out in Annexure 14 ;

“Spear Subsidiary Acquisition”	the acquisition by Spear Holdco of the issued shares and shareholder loans in the Spear Subsidiaries held by Fronsac Investments, the Varachhia Trust and the Rossi Trust (as beneficiaries of the Spear Property Trust), in exchange for the issue of an aggregate of 17 864 461 ordinary shares in Spear Holdco in terms of the Spear Subsidiary Acquisition Asset for Share Agreement, with effect from 1 November 2016;
“Spear Subsidiary Acquisition Asset for Share Agreement”	the asset for share agreement entitled “Asset for Share Agreement No 2” entered into between Spear Holdco, the Spear Property Trust, Fronsac Investments, the Varachhia Trust and the Rossi Trust on or about 24 August 2016, as amended by the addendum entered into between the parties on 5 October 2016;
“Spear Subsidiary Minority Acquisition”	the acquisition by Spear of the issued shares and shareholder loans in the Spear Subsidiaries held by the Minority Shareholders, in exchange for the issue of an aggregate of 4 305 442 Shares in Spear in terms of the Spear Subsidiary Minority Acquisition Asset for Share Agreements, following which such shares in the Spear Subsidiaries acquired by Spear will be transferred to Spear Holdco as part of section 42 asset for share agreement between Spear and Spear Holdco;
“Spear Subsidiary Minority Acquisition Asset for Share Agreements”	the various asset for share agreements entered into between Spear, the respective Spear Subsidiaries and their various Minority Shareholders;
“Strate”	Strate Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa; and
“Upper East Side Hotel”	The Upper East Side Hotel Proprietary Limited (registration number 2010/005929/07), a private company incorporated under the laws of South Africa, all of the issued shares in which company will be held by Spear Holdco as at the Listing Date;
“Varachhia Trust”	the trustees for the time being of the Varachhia Family Trust, Master’s reference number IT 3326/1996, the beneficiaries of which are Abu Varachhia and his family.



SPEAR

REIT LIMITED

SPEAR REIT LIMITED
(previously Arrow 2 Investments Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2015/407237/06)
(Share Code: SEA, ISIN ZAE000228995)
("Spear" or "the Company")

Directors

Abubaker Varachhia * (*Chairman*)
Michael Naftali Flax (*Chief executive officer*)
Quintin Michael Rossi (*Managing Director*)
Christiaan Barnard (*Financial Director*)
Brian Leon Goldberg **
Jalaloodien Ebrahim Allie ** (*Lead independent Director*)
Niclas Kjellström-Matseke **

* *Non-executive*

Independent

PRE-LISTING STATEMENT

1. INTRODUCTION AND OVERVIEW OF SPEAR

- 1.1 Spear is a Western Cape focused diversified property investment company with a Cape Town bias.
- 1.2 Spear was established in 2011 as a private portfolio of investment properties (held through the Spear Property Trust), by three South African real estate industry leaders, namely, Mike Flax (chief executive officer), Quintin Rossi (managing director) and Abu Varachhia (non-executive chairman). Mike Flax and Quintin Rossi still lead the business today and Abu Varachhia has taken on the role of non-executive chairman.
- 1.3 As a private portfolio, the Spear Property Trust invested across a variety of real estate sectors including office, retail, industrial, residential and hospitality, all of which were successful investments.
- 1.4 The Spear Property Trust achieved substantial organic growth in its property portfolio by consistently applying the principle of "value-addition" to all acquisitions made. The principle of "value-addition" entails that a property would only be acquired to the extent that management was able to enhance the value of the property through aggressive letting strategies or through value enhancing development or redevelopment, in a relatively short space of time and at an acceptable cost. By applying this strategy and through a combination of organic growth and new acquisitions, the Spear Property Trust saw its property portfolio grow from an asset base of R358 million in 2011 to R1.39 billion in 2016.
- 1.5 Following a decision by the Founders to seek a listing on the AltX as a REIT, the Spear Property Trust resolved to transfer its portfolio to the Company. The Founders are substantial Shareholders in the Company and intend to remain so after the Listing, thereby aligning their interests with Shareholders.
- 1.6 Today, Spear's property portfolio is made up of 25 properties situated throughout the Western Cape, save for one property in Gauteng, with a total value of approximately R1.39 billion, a net asset value of approximately R568 million (prior to the Capital Raisings) and which generates a forward net property related revenue of approximately R128.1 million (based on actual contractual revenue). The property portfolio comprises a well-balanced mix of residential (5%), industrial (37%), retail (22%), office (27%), hospitality (7%) and other (2%) assets. The total gross lettable area of the property portfolio is 171 786 m² of which 28% is let to single tenants and 72% to multiple tenants, ranging from JSE listed entities to SMEs.
- 1.7 After the Listing, Spear will continue to invest across the real estate sectors, however it will maintain a strict Western Cape focus with a Cape Town bias.
- 1.8 Although Spear will initially list as a REIT on the AltX, over time it is the intention of management to migrate its listing to the main board of the JSE.
- 1.9 Spear was converted from a private company to a public company on 20 July 2016, in anticipation of the Listing.
- 1.10 This Pre-listing Statement aims to provide Shareholders and investors with information regarding the Company and its planned Listing on the AltX and to set out the salient details of the Private Placement, as well as the procedure to be followed by Invited Investors who wish to participate therein.

2. RATIONALE FOR LISTING AND PRIVATE PLACEMENT

The Company's rationale for the Listing and the Private Placement is to:

- 2.1 provide the Company with access to capital in order to grow its business both organically and by way of future acquisitions;
- 2.2 enhance the Company's deal making ability, as its scrip can be more readily utilised for the purposes of acquisitions;
- 2.3 raise capital to initially reduce debt and to have capacity to fund future acquisitions;
- 2.4 obtain REIT status and the resultant tax benefits that arise from such REIT status;
- 2.5 provide Spear Shareholders with a liquid, tradable instrument within a regulated environment; and
- 2.6 create awareness with prospective institutional and retail investors about the merits of investing in Spear.

3. OVERVIEW OF INDUSTRY

3.1 Western Cape overview *

- 3.1.1 Economic development in the Western Cape is characterised by a broad sector base, with good growth potential in several major sectors, a range of significant niche sectors and a number of large new investment projects. Rapidly decreasing communication cost levels mean the disadvantage of Cape Town's distance of 1 500 kilometres south of the economic hub of Gauteng and several thousand kilometres from Europe, America and Asia, is becoming less and less significant. In-line with worldwide trends, South Africa's export-oriented industries tend to shift towards port cities and coastal industrial belts. The decrease in import duties and the establishment of Saldanha Steel as a basis for Western Cape heavy industry adds more momentum to this shift. The Western Cape has an open economy with foreign trade making up close to 30% of the gross regional product. The province's exports have traditionally been dominated by primary products such as wine, fruit, fish and vegetables.
- 3.1.2 The Western Cape's beauty is unsurpassed and it is a top international tourist destination. Some 50% of international tourists who arrive in South Africa visit the Western Cape, while the overall share of the tourism market is approximately 24% by gross expenditure. The tourism industry is a major growth sector in terms of investment, employment and the diversification of services. Less directly, tourism stimulates the property market, especially prime residential and cluster projects, and strengthens business contacts, often a forerunner to trade, joint ventures and immigration plans.
- 3.1.3 Cape Town is the second largest financial centre in the country. The province has previously relied largely on the insurance industry as the backbone of this sector. While this sector continues to expand, a stronger momentum seems to come from the establishment of new, specialised financial service suppliers in the area, either as branches of Gauteng head offices, or as a shift of certain of the activities to the more attractive working environment of the Cape. This trend includes foreign firms and new investment groups focusing on the local investment scene. Parallel to the steady expansion of financial services and retail, which is dominated by the expansion of a few retail mega-centres, there is also a boom in professional, business, property and personal services. In particular the property services sector has experienced dramatic growth.
- 3.1.4 A rapidly expanding sector, showing good potential in the Western Cape in particular, is business process outsourcing, which includes the processing of accounts and claims, as well as front office activities such as call centres. This growth is fuelled by world-class service levels of call centre staff, time-zone compatibility with Europe, high rates of fluency in English, a favourable exchange rate and an advanced telecommunications industry.

* Source: http://www.southafrica.info/business/investing/opportunities/wcape.htm#.V9_ue1Oa2UI

3.2 Office property market Cape Town

- 3.2.1 The Spear management team agrees with leading international property research firm Jones Lang LaSalle, which states that Cape Town has increasingly become a strategic location for both local and international businesses. The preference of major financial institutions to establish their head offices or branch offices in Cape Town has resulted in the establishment of financial nodes in both the northern and southern suburbs of Cape Town, as well as the Cape Town central business district, which attracts both local and international tenants. The Spear management team believes that this trend will continue.
- 3.2.2 The Cape Town office market has shown resilience despite the ongoing challenges in the local economy. Despite a slight increase in supply in the Cape Town office market in 2016, there has not been a rise in vacancy levels, which indicates an underlying growth in demand. Tenants have shown interest across all nodes, collectively contributing to the stagnation of vacancy rates in the Cape Town office sector. Cape Town is seeing new entrants into the market as opposed to Sandton, which has seen internal migration of tenants from one building to another in the same node or city. Overall, this speaks to improved business activity in Cape Town, which justifies the continued investor confidence going into 2017.
- 3.2.3 The growing tenant interest for Cape Town is promising for business activity in the area. The Cape Town office market looks positioned to show a stable, if not slightly reduced, vacancy rate in the year ahead while rental rates should continue to show improvement.

3.3 Retail property market Cape Town

The Cape Town retail property sector has, as a result of poor economic conditions, not performed as well as the industrial sector. Limited consumer disposable income as a result of a rising interest rate environment, coupled with fuel and food inflation has negatively impacted this sector. Super-regional shopping centres and convenience shopping centres have shown to be most resilient in this tough economic climate, but unfortunately regional and neighbourhood centres have underperformed in this asset class. Vacancies in both super-regional and convenience retail centres remain at very favourable levels, however prolonged vacancies are becoming evident in the regional and neighbourhood retail centres.

3.4 Industrial property market Cape Town

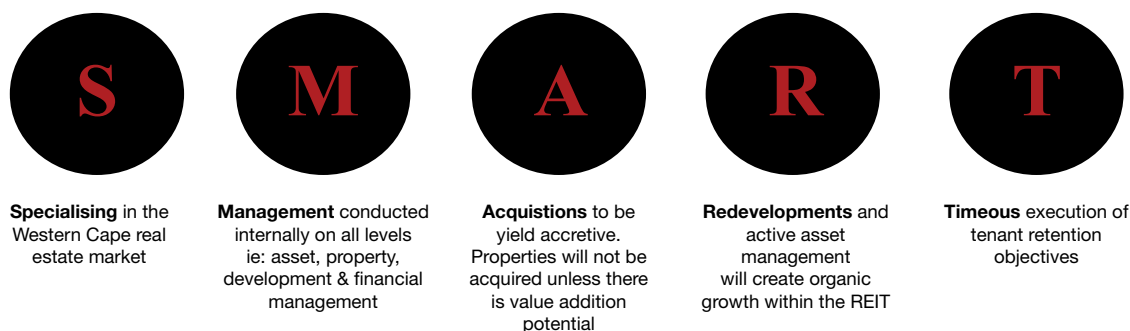
The Cape Town industrial property market continues to be the darling of the Cape Town property sector as the demand for state of the art logistics facilities and modern warehousing continues. Numerous new development sites have recently been completed and a number of new developments are currently underway as distribution centres optimise height and cubic meter requirements. Vacancies in industrial units in the 4 000 m² to 5 000 m² range are at record lows as demand outstrips supply, which has resulted in a development cycle kicking into gear. The only limitation to wholesale take up of new industrial developments is the substantial rental increase that has arisen and which cannot be afforded by a variety of companies. Across the industrial sector average rentals, excluding new developments, have settled around the R40 m² (excluding value added tax) level.

3.5 Hospitality property market Cape Town

The Cape Town hospitality sector has benefitted substantially from the increased tourist activity in the Western Cape as multiple international tourism and news agencies have rated Cape Town as one the “must visit” cities in the world. Furthermore, a highly favourable currency and direct flights from Europe and America continue to attract a record number of tourists to the Western Cape. As a result, the hospitality industry has boomed with record breaking tourist numbers making the development of additional hospitality assets feasible. The sector has seen increased revenue per available room along with growth in average room rate from the 3 star offerings to the 5 star offerings.

4. STRATEGY AND VALUE PROPOSITION

- 4.1 Spear's primary objective is to provide sustainable and growing distributable income as a listed REIT through yield-accretive acquisitions and the execution of its “SMART” strategy, as set out below:



4.2 Specialising in the Western Cape real estate market

4.2.1 Going forward, Spear will only invest in properties in the Western Cape due to the favourable economic and property fundamentals in the Western Cape and management's belief that proximity to assets allows its management team to extract maximum value out of its properties from an asset management, property management and general oversight perspective. Given the close proximity to its assets, management is able to engage with tenants on a regular basis, to keep a close oversight over its properties, quickly adapt to changing market conditions and to extract maximum value out of its properties.

4.2.2 Management is confident that, given its extensive track record in the Western Cape, sufficient deal flow will be available to continually grow the portfolio over the medium to long term. Management will continue with its historic strategy of identifying investment assets that are yield-accretive or that have value enhancing potential. Spear's management team has been successful in the past in acquiring vacant assets and through aggressive letting strategies, either significantly letting or fully letting such assets prior to taking transfer thereof. The latter bears testament to the grass roots level of engagement that Spear management has in the Western Cape property market. Given management's hands on approach to property and asset management, it has a direct line to potential tenants that could consider relocating into a Spear asset.

4.3 Management conducted internally on all levels

4.3.1 The asset and property management capabilities of the Spear management team is one of the key assets of the business, providing Spear with a significant competitive advantage over its competitors. The fact that management takes a “hands-on” approach and that all property management responsibilities are performed internally by the Spear management members and employees have ensured that the maximum value and growth is derived from each property.

4.3.2 Executive management is personally involved in the lease negotiations in respect of the Spear portfolio and has an excellent working relationship with tenants currently in occupation across the portfolio.

4.4 **Acquisitions to be yield-accretive**

- 4.4.1 Spear will only acquire a property to the extent that its management team is able to enhance the value of the property through aggressive letting strategies or through value enhancing development or redevelopment, in a relatively short space of time and at an acceptable cost.
- 4.4.2 Spear will seek to acquire high quality revenue-enhancing assets that will result in enhanced profitability and growing distributions on a sustainable basis. When selecting investments, management aims to carefully balance distribution enhancement and overall quality of the asset being acquired.
- 4.4.3 “Quality” incorporates factors such as tenant covenants, lease expiry profiles, rental levels, location and overall condition of the properties. Spear will only invest in properties which have market related rental streams or properties where there is potential to increase rentals and where rental escalations contribute to the Spear strategy of enhancement of distributable income to shareholders.

4.5 **Redevelopments and active asset management**

- 4.5.1 Spear will create organic growth in its existing portfolio through redevelopments and active asset management. Spear is currently focused on fully exploiting the value-addition potential of the existing portfolio, through an active capital investment programme. A key example of this is the Sable Square Shopping centre which has 21 000 m² of developable bulk that will be developed and will not have an impact on the existing trade of the centre but will add to the income stream and to the capital value of the property.
- 4.5.2 The value-addition strategy has the additional benefit of allowing Spear to take advantage of the economies of scale that arise due to a growing asset value off a relatively fixed cost base.

4.6 **Timeous execution of tenant retention objectives**

Spear has a core focus on retaining tenants in a timeous manner. One of the hallmarks of the Spear management team is its ability to be personally involved in the management and development of the portfolio thus creating speedy turn-around times on key decisions and in turn ensuring that both tenant and landlord enjoy a mutually beneficial relationship.

4.7 The Board views the Listing as the first step to growing the business into a mid-sized property company with a market capitalisation of approximately R8 billion over the next five years. The Spear growth strategy includes the:

- 4.7.1 acquisition of Western Cape portfolios through strategic relationships with the Spear management team;
- 4.7.2 acquisition of further high quality well located assets within the Western Cape;
- 4.7.3 a combination of organic growth and acquisitive growth; and
- 4.7.4 prudent recycling of capital through strategic asset disposal.

4.8 The Spear value proposition can be summarised as follows:

- 4.8.1 Western Cape based diversified property investment company, invested in retail, industrial, office, hospitality and residential properties;
- 4.8.2 offers investors access to a prime Western Cape focused real estate portfolio;
- 4.8.3 located in South Africa’s best location for growth;
- 4.8.4 internally managed with a low cost structure;
- 4.8.5 led by industry veterans with solid and successful track record; and
- 4.8.6 property portfolio underpinned by high quality tenancies and lease covenants.

5. **TRACK RECORD AND PROSPECTS**

- 5.1 The leadership of Spear has a combined total of 70 years’ experience in the Western Cape property sector. In addition, Mike Flax and Abu Varachhia have served on the boards of directors of 10 listed property companies in South Africa, the UK and Australia.
- 5.2 Mike Flax was the founder and chief executive officer of an extremely successful property listing on the JSE, namely Spearhead Property Group Limited (“**Spearhead**”).
- 5.3 Spearhead listed in 1999 during a period of huge upheaval in the South African property industry. Spearhead listed at a value of R10 per share and was eventually sold to Redefine Properties in 2006 for an equivalent R43.26 per share. In addition, to the R33.26 capital growth, shareholders received approximately R9.30 in income during that period, providing shareholders with a total return of R42.56 or a compound return of 32% per annum.
- 5.4 The Spear property portfolio is of a high quality, is underpinned by strong tenancies and lease covenants and is situated in South Africa’s best location for growth. Considering the success achieved by the Company and the management team over the last five years and the significant opportunities available to it to enhance the existing portfolio and to grow through new acquisitions, the Board is of the view that the future prospects of the Company are very encouraging and is confident of delivering sustainable income and capital growth for Shareholders.

6. **ASSET AND PROPERTY MANAGEMENT**

- 6.1 The asset and property management capabilities of the Spear management team is one of the key assets of the business, providing Spear with a significant competitive advantage over its competitors. The fact that management takes a “hands-on” approach and that all asset and property management responsibilities are performed internally by the Spear management members and employees have ensured that the maximum value and growth is derived from each property.

- 6.2 The day-to-day property management, maintenance and facilities management of the Spear property portfolio is managed internally by a team of highly skilled property professionals. Furthermore, the Spear property management team is responsible for tenant billings, credit control and the storage of all tenant information along with regular building inspections and reports back to Quintin Rossi.
- 6.3 In addition, Quintin Rossi manages the day-to-day operations of the portfolio and in particular the team that concludes lease negotiations, tenant renewals, income and expense management, along with income projection preparation.
- 6.4 The Spear asset and property management team consists of ten employees and is directed at the following:
 - 6.4.1 sourcing appropriate properties off-market or through intermediaries that fit all the necessary criteria;
 - 6.4.2 marketing and letting of vacant space as well as newly created space and renewing existing tenants at higher rental rates;
 - 6.4.3 highly effective municipal charge recovery;
 - 6.4.4 property management, maintenance and facilities management;
 - 6.4.5 lease negotiations, tenant renewals, income and expense management;
 - 6.4.6 lease execution, debt collection and all legal issues; and
 - 6.4.7 highly effective financial reporting – internal reporting as well as statutory and bank reporting.

7. **SPEAR PROPERTY PORTFOLIO**

7.1 **General overview of property portfolio by material sector**

7.1.1 **Office portfolio**

The Spear office portfolio is situated in all of the established office nodes in the Cape Town Metropole. The office portfolio is multi tenanted in nature and is classified as “A” grade offices within the South African Property Owners Association (SAPOA) definition of graded office space. The bulk of the Spear office portfolio is situated in the northern suburbs of Cape Town with a very desirable tenant mix consisting of blue chip corporate tenants, JSE listed tenants and national office tenants across its portfolio. The balance of the office portfolio is spread across the southern suburbs and the Cape Town Central Business District. The Spear office portfolio continuous to enjoy high occupancy levels amidst a tough economic environment.

7.1.2 **Retail portfolio**

The Spear retail portfolio is comprised of centrally located retail assets servicing a very broad market in its offerings.

The challenges facing the retail sector make the acquisition of the quality retail assets an imperative for the Spear management team. Key to Spear’s strategy is to acquire retail assets that present significant development and/or rental upside. In the latter respect, Spear recently acquired the Sable Square Shopping Centre in Cape Town, a well know convenience retail centre of 28 000 m² consisting of 26% national tenants together with a very strong 7 000 m² office node. It must be noted that the asset presents incredible rental upside potential given the lack of proper asset and property management historically. Furthermore, approved development bulk of 21 000 m² is still available to be unlocked on the property in time creating not only an organic development pipeline on this asset but also allowing Spear to unlock dormant value and increase the gross lettable area of the property, which in turn creates the opportunity to add to the tenant mix of the centre, increase foot traffic and revenue on this property.

7.1.3 **Industrial portfolio**

The Spear industrial portfolio boasts a well balanced mix of large distribution warehouses and medium to mini industrial units. Located in some of the most sought after and well established industrial nodes in Cape Town the Spear industrial portfolio enjoy extraordinary high occupancies due to sector demand and attractive product offering. All of Spear’s industrial assets are excellently located in nodes that have easy access to all arterial routes and access corridors ranging from the N1, N2, R300 and N7 highways.

Based on recent research undertaken by one of the leading industrial brokerage houses in Cape Town, Baker Street Properties, a variety of key market indicators have given the management of Spear the assurance that its current industrial portfolio has not reached its apex on rental growth and notable rental upside should be realisable in the short to medium term. The Spear management team is of the view that rental upside of at least R5 per m² is realisable on approximately 45 000 m² of its large industrial assets, which are in high demand across the Cape Town industrial property market.

7.1.4 **Hospitality portfolio**

Doubletree by Hilton Cape Town Upper Eastside started out as The Upper Eastside Hotel in 2010. The hotel was built as an independent hotel with intent of transforming it into an associated international branded property in the future.

The Spear Property Trust bought the hotel from Redefine Properties in 2012 and embarked on the search for an International brand to assist in taking the hotel to the next level of trading. After several proposals were looked at it was decided to enter into a franchise agreement with Hilton Worldwide and rebrand the hotel as a Doubletree by Hilton Hotel. Fortunately the hotel was built according to international standards and the alignment of standards was an easy process. In April 2013 the hotel rebranded into the first Doubletree by Hilton hotel in South Africa.

Since inception the aim was to build the hotel's clientele to cover all the market segments in order to also cover seasonality. With 183 bedrooms, a signature restaurant and 10 conference and events rooms and areas, the hotel soon built up a core clientele in and around Cape Town. It thrives on return business and does not shy away from any opportunity to host a variety of high profile guests and events.

7.2 Summary of Spear property portfolio

7.2.1 The property portfolio of the Spear Group on Listing, is summarised as follows:

Number of properties owned directly or indirectly through Spear Subsidiaries	Portfolio at fair value (as per Independent Property Valuer)	Portfolio NAV (prior to Capital Raisings)	Average property yield	Weighted average rental per m ²	Gross lettable area (GLA) m ²
25	R1.393 million	R568 million	8.9% ¹	R91.80 ²	171 786

Vacancy (% of rentable area)	Portfolio value per m ²	Average portfolio escalations	Weighted average lease expiry period	Sectors	Geographic profile
1.50%	R8 109	8%	45 months	Industrial, Retail, Office, Hospitality, Residential	Western Cape and Gauteng ³

Notes:

- 1 Average property yield which excludes the effects of lease smoothing.
- 2 Includes utilities and rates recoveries.
- 3 One property is situated in Gauteng, which will be sold at the appropriate time after the Listing.

7.2.2 The evenly distributed geographical spread of the portfolio within the greater Cape Metropole gives Spear the opportunity to enjoy a broader market catchment as opposed to being overly represented in one specific area within the Cape Metropole.

7.2.3 The portfolio presents stable income over the short, medium and long term, with a number of "value-addition" opportunities that will allow the organic growth and increased income in the portfolio.

7.2.4 Currently the portfolio is spread across all sectors, with an average portfolio rental of R91.80 per m², excluding VAT, including utility recoveries. The portfolio is well positioned for an upturn in average portfolio rentals due to a number of leases that are due to be renewed shortly, which are currently on a relatively low rental. In addition, the portfolio currently has approximately 141 000 m² of bulk which is available for redevelopment.

7.2.5 Details of the individual properties in the Spear property portfolio are set out in **Annexure 16**.

7.2.6 An analysis of the existing property portfolio in respect of geographic, sectoral, tenant, vacancy and lease expiry profiles is set out below.

7.3 Geographic profile

All of the existing properties are located in the Western Cape, other than one property in Gauteng, which the Spear management team plans to dispose of in the near future to ensure Spear's strategy remains 100% Western Cape based, with a Cape Town bias. While the portfolio is currently concentrated in the Cape Metropole, Spear will look to acquire assets throughout the Western Cape, provided they meet management's investment criteria.

7.4 Sectoral Profile

An analysis of the Spear property portfolio, as at the Last Practicable Date, in respect of sectoral profiles, is provided below.

Sectoral profile	GLA by sector	Gross rentals by sector
Industrial	42%	20%
Retail	22%	27%
Office	22%	35%
Hospitality	7%	10%
Residential	5%	5%
Other (Parking & Storage)	2%	3%
Total	100%	100%

7.5 Tenant Profile

An analysis of the Spear property portfolio, as at the Last Practicable Date, in respect of tenant profiles, is provided below.

Tenant profile	Based on GLA	Number of tenants
A	61.07%	49
B	23.59%	173
C	11.55%	50
Total	96.21%¹	272

Notes:

1. 3.79% relates to parking space and storage.

For this table the following key is applicable:

- A Large national and international tenants, large listed tenants, government and major franchisees;
- B National tenants, smaller listed tenants, franchisees and medium to large professional firms; and
- C Other.

7.6 Vacancy profile

An analysis of the Spear property portfolio, as at the Last Practicable Date, in respect of vacancy profiles by sector, is provided below.

Sector	Vacancy based on GLA
Industrial	1.04%
Retail	0.05%
Office	0.42%
Hospitality	0.00%
Residential	0.00%
Total	1.51%

Note:

As of 1 November 2016, the industrial vacancy percentage will reduce to 0% and accordingly the total vacancy percentage based on GLA will be 0.47%.

7.7 Lease expiry profile

An analysis of the Spear property portfolio, as at the Last Practicable Date, in respect of the lease expiry profiles, is provided below.

Expiry profile	Total		Industrial		Retail/ Commercial		Hospitality		Residential	
	GLA %	GR* %	GLA %	GR* %	GLA %	GR* %	GLA %	GR* %	GLA %	GR* %
Vacant	1.50	0	0.67	0	2.25	0	0	0	0	0
2016	2.40	3.00	1.81	0	3.72	3.86	0	0	0	0
2017	14.00	16.20	16.12	9.49	15.99	18.58	0	0	0	0
2018	18.20	20.50	25.86	31.74	15.72	18.03	0	0	0	0
2019	18.40	15.80	25.20	18.73	16.79	15.98	0	0	0	0
2020 and beyond	45.60	44.50	30.33	40.04	45.53	43.55	100	100	100	100

* GR: Gross Rentals

7.8 Rental escalations and rental per square meter

The annualised weighted average rental escalation by sector, as at the Last Practicable Date, based on existing leases, is as follows:

Sector – Escalations	Percentage
Industrial	7%
Retail	8%
Office	8%
Hospitality	8%
Residential	9%
Weighted average	8%

The table below reflects the weighted average gross rental per m² per month, excluding vacant GLA, by sector:

Sector	Weighted average Gross Rental per m² per month, excluding vacant GLA
Industrial	R46
Retail	R101
Office	R103
Hospitality	R105
Residential	R104
Weighted average	R92

7.9 Average property yield

The forward average property yield of the existing Spear property portfolio for the twelve months ending 28 February 2018 is 8.9%.

8. DIVIDEND POLICY

- 8.1 The Company will distribute at least 75% of its total distributable profits as dividends to Shareholders by no later than six months after its financial year end, subject to the relevant solvency and liquidity tests as defined in the Companies Act being applied. The Company aims to declare and pay between 96% and 100% of its annual distributable profit as a dividend to Shareholders.
- 8.2 The Company envisages paying interim and final dividends.

9. MANAGEMENT

9.1 Management overview

- 9.1.1 The Company is governed by the Board, which is responsible for ensuring that the Company complies with all of its statutory and regulatory obligations as specified in the Companies Act, the MOI and, following the Listing, in the JSE Listings Requirements.
- 9.1.2 The Board has appointed a number of further committees to assist the Board in discharging its duties, with the particulars of such committees outlined in **Annexure 9**.
- 9.1.3 At an operational level, the chief executive officer is supported by members of the Group's executive management team and the chairman who, between them, have more than 70 years' experience.
- 9.1.4 No part of the business of the Group is managed, or is proposed to be managed, by a third party under a contract or arrangement.

9.2 Incentivising management

The Share Incentive Scheme has, as its main object and purpose, the incentivisation and retention of employees. The terms of the Share Incentive Scheme are set out in the Spear SIT Deed, which complies with the JSE Listings Requirements and which has been approved by the JSE. The Share Incentive Scheme was approved by Shareholders on or about 7 October 2016 and will, following the Listing Date, be operated in terms of the Spear SIT Deed. The salient terms of the Spear SIT Deed appear in **Annexure 10**, while a copy of the document is available for inspection by Shareholders, as indicated in paragraph 25 below.

10. DIRECTORS

10.1 Composition of the Board

10.1.1 The full names, ages, business addresses and capacities of the Directors of the Company are provided below:

Full names	Capacity	Age	Business address	Date of appointment
Abubaker (Abu) Varachhia	Non-executive chairman	58	5th Floor, Upper Eastside, 31 Brickfield Road, Salt River, Cape Town	19 April 2016
Michael (Mike) Naftali Flax	Chief executive officer	53	5th Floor, Upper Eastside, 31 Brickfield Road, Salt River, Cape Town	19 April 2016
Quintin Michael Rossi	Executive managing Director	35	5th Floor, Upper Eastside, 31 Brickfield Road, Salt River, Cape Town	18 November 2015
Christiaan Barnard	Financial Director	28	5th Floor, Upper Eastside, 31 Brickfield Road, Salt River, Cape Town	20 July 2016
Brian Leon Goldberg	Non-executive Director	53	No 12 Avenue La Croix, Fresnaye, Cape Town	20 July 2016
Jalaloodien (Jalal) Ebrahim Allie	Lead independent non-executive Director	59	1st Floor, Riverside Centre, Corner Main & Belmont Road, Rondebosch	20 July 2016
Niclas Kjellström-Matseke	Independent non-executive Director	46	18th Floor, Metropolitan Centre, 7 Walter Sisulu Avenue, Cape Town	30 September 2016

10.1.2 The following changes occurred in the composition of the Board during the past 12 months:

10.1.2.1 Abu Varachhia was appointed as a non-executive Director and the chairman of the Board with effect from 19 April 2016;

10.1.2.2 Mike Flax was appointed as an executive Director and chief executive officer with effect from 19 April 2016;

10.1.2.3 Quintin Rossi was appointed as the managing Director with effect from 18 November 2015;

10.1.2.4 Christiaan Barnard was appointed as the financial Director with effect from 20 July 2016;

10.1.2.5 Brian Goldberg was appointed as an independent non-executive Director with effect from 20 July 2016;

10.1.2.6 Jalal Allie was appointed as an independent non-executive Director and the lead independent Director with effect from 20 July 2016; and

10.1.2.7 Niclas Kjellström-Matseke was appointed as an independent non-executive Director with effect from 30 September 2016.

10.1.3 Profiles of the Directors, detailing their experience, appear in **Annexure 11**.

10.2 Directors of Major Subsidiary

The board of directors of Spear Holdco comprises of the following directors, all of whom are also Directors of Spear:

10.2.1 Abu Varachhia (non-executive chairman);

10.2.2 Mike Flax (chief executive officer);

10.2.3 Quintin Rossi (managing director); and

10.2.4 Christiaan Barnard (financial director),

accordingly the full names, ages, business addresses and capacities of the directors of Spear Holdco appear in paragraph 10.1.1 above.

10.3 Additional information

10.3.1 A list of other directorships held by the Directors of the Company and its Major Subsidiary is set out in **Annexure 12**.

10.3.2 All Directors of the Company and its Major Subsidiary are South African citizens.

10.3.3 No Director of the Company or its Major Subsidiary is a partner with unlimited liability.

10.3.4 None of the Directors of the Company or its Major Subsidiary:

10.3.4.1 have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;

- 10.3.4.2 have been directors with an executive function of any company put under, or proposed to be put under, any business rescue plans, or that is or was the subject of an application for business rescue, any notices in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors, at the time of such event or within the 12 months preceding any such event;
- 10.3.4.3 have been partners in a partnership that was the subject of any compulsory liquidation, administration or partnership voluntary arrangement, at the time of such event or within the 12 months preceding any such event;
- 10.3.4.4 have entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;
- 10.3.4.5 have been publicly criticised by a statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- 10.3.4.6 have been involved in any offence of dishonesty;
- 10.3.4.7 have been removed from an office of trust, on the grounds of misconduct, involving dishonesty; or
- 10.3.4.8 have been the subject of any court order declaring him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 1984 or been disqualified by a court to act as a director in terms of section 219 of the Companies Act, 1973.

10.4 **Financial Director**

Christiaan Barnard is the financial Director of the Company. The audit committee has considered and satisfied itself as to the appropriateness of his expertise and experience.

10.5 **Borrowing powers**

- 10.5.1 The provisions of the MOI regarding the borrowing powers exercisable by Directors are set out in **Annexure 8** to this Pre-listing Statement. The MOI does not provide for the borrowing powers of the Directors to be varied and any variation of such powers would accordingly require Shareholders to adopt a special resolution amending the MOI.
- 10.5.2 The borrowing powers of the Directors and the directors of Spear Holdco have not been exceeded during the three years preceding the Last Practicable Date. There are no exchange control or other restrictions on the borrowing powers of the Company or any of the Spear Subsidiaries.

10.6 **Appointment and qualification of Directors**

- 10.6.1 The relevant provisions of the MOI regarding the term of office of Directors, the manner of their appointment and rotation are set out in **Annexure 8**. No person has the right in terms of any agreement in respect of the appointment of any Director or any number of Directors.
- 10.6.2 The relevant provisions of the MOI relating to the qualification of Directors appear in **Annexure 8**. Apart from satisfying the qualification and eligibility requirements set out in section 69 of the Companies Act, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director of the Company.
- 10.6.3 The MOI does not prescribe an age limit at which Directors are to retire.

10.7 **Remuneration of Directors**

- 10.7.1 The Company may pay remuneration to non-executive Directors for their services as directors in accordance with a special resolution approved by Shareholders within the previous two years, as set out in section 66(8) and (9) of the Companies Act, and the power of the Company in this regard is not limited or restricted by the MOI.
- 10.7.2 Any Director who (i) serves on any executive or other committee; or (ii) devotes special attention to the business of the Company; or (iii) goes or resides outside South Africa for the purpose of the Company; or (iv) otherwise performs or binds himself to perform services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Board may from time to time determine.
- 10.7.3 Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of the Company and for attending meetings of the Directors or of committees of the Directors of the Company.
- 10.7.4 In terms of the MOI, the remuneration of executive Directors shall be determined by a disinterested quorum of Directors or a remuneration committee appointed by the Board, shall be in addition to or in substitution of any ordinary remuneration as a Director of the Company, as the Board may determine, and may consist of a salary or a commission on profits or dividends or both, as the Board may direct.
- 10.7.5 No remuneration was paid by the Company to the Directors as at the end of the last financial year ending 29 February 2016 and no remuneration will be paid by the Company to the Directors until the month in which the Listing Date occurs. The proposed remuneration of the Directors for the financial year ending 28 February 2017, being a period of four months, is set out below:

10.7.5.1 Salary, fees and bonuses

Director	Salary (R)	Directors' fees (R)	Fees for other services (R)	Bonuses (R)
Abu Varachhia	-	133 333	-	-
Mike Flax	466 667	-	-	116 667
Quintin Rossi	450 000	-	-	112 500
Christiaan Barnard	172 000	-	-	90 000
Brian Goldberg	-	66 667	-	-
Jalal Allie	-	66 667	-	-
Niclas Kjellström-Matseke	-	66 667	-	-
Total	1 088 667	333 333	-	319 167

10.7.5.2 Contributions and expenses

Director	Pension contributions (R)	Vehicle allowance	Medical group life and other (R)	Total remuneration (R)
Abu Varachhia	-	-	-	-
Mike Flax	-	-	-	-
Quintin Rossi	-	-	-	-
Christiaan Barnard	-	-	-	-
Brian Goldberg	-	-	-	-
Jalal Allie	-	-	-	-
Niclas Kjellström-Matseke	-	-	-	-
Total	-	-	-	-

10.7.5.3 Share Incentive Scheme

The Share Incentive Scheme has, as its main object and purpose, the incentivisation and retention of employees. To date no options have been awarded or have vested in terms of the Share Incentive Scheme.

10.7.6 Directors are not entitled to any commission and are not party to any gain or profit-sharing arrangements with the Company. No material benefits were received by Directors for the previous financial year ended 29 February 2016, save for receiving Shares in the Company in terms of the Spear Holdco Acquisition.

10.7.7 No fees have been paid to any third party in lieu of directors' fees.

10.7.8 There will be no variation in the remuneration receivable by any of the Directors as a consequence of the Listing.

10.7.9 The Company has not, in the three years preceding the date of this Pre-listing Statement, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director ("**the associate company**") or to any partnership, syndicate or other association of which he is a member ("**the associate entity**"), to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of the Company, save for the Directors that received Shares in the Company in terms of the Spear Holdco Acquisition.

10.8 Interests of Directors

10.8.1 No Director of the Company or of any of the Spear Subsidiaries (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly, in any transactions that were effected by the Company (i) during the current or immediately preceding financial year, or (ii) during an earlier financial year and remain in any respect outstanding or unperformed, save for the Directors that received Shares in the Company in terms of the Spear Holdco Acquisition.

10.8.2 Save for being a Shareholder of the Company, no Director has had any material beneficial interest, either direct or indirect, in the Listing or the Private Placement and no promoter or Director of the Company is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.

10.8.3 No Director has had any material beneficial interest, either direct or indirect, in the promotion of the Company. No cash or securities have been paid and no benefit has been given to any promoter within the last three years, save for the Directors that received Shares in the Company in terms of the Spear Holdco Acquisition.

10.8.4 Immediately prior to the Capital Raisings and the Listing, the direct and indirect beneficial interests of the Directors (including any Directors who have resigned during the 18 months preceding the Last Practicable Date) and their associates in the issued share capital of the Company, will be as follows:

Director	Direct number of Shares held	Direct % of Shares in issue held	Indirect number of Shares held	Indirect % of Shares in issue held	Total number of Shares held	Total % of Shares in issue held
Abu Varachhia	–	–	21 492 364 ¹	37.8%	21 492 364	37.8%
Mike Flax	–	–	21 492 364 ²	37.8%	21 492 364	37.8%
Quintin Rossi	–	–	7 556 129 ³	13.3%	7 556 129	13.3%
Christiaan Barnard	100 000	0.2%	–	–	100 000	0.2%
Brian Goldberg	1 300 000	2.3%	–	–	1 300 000	2.3%
Jalal Allie	100 000	0.2%	–	–	100 000	0.2%
Niclas Kjellström-Matseke	–	–	–	–	–	–
Total	1 500 000	2.7%	50 540 857	88.9%	52 040 857	91.6%

Notes:

1. Abu Varachhia holds Shares through his associate Mtshobela Capital.
2. Mike Flax holds Shares through his associate Fronsac Investments.
3. Quintin Rossi holds Shares through his associate Evlah Investments.

10.8.5 Assuming that the Private Placement is fully subscribed, all 1 612 000 Shares of the Founders are sold and the Pre-Placement Shares are issued, on Listing, the Directors of the Spear will hold the following direct and indirect beneficial interests in the issued share capital of Spear:

Director	Direct number of Shares held	Direct % of Shares in issue held	Indirect number of Shares held	Indirect % of Shares in issue held	Total number of Shares held	Total % of Shares in issue held
Abu Varachhia	–	–	20 807 264 ¹	22.5%	20 807 264	22.5%
Mike Flax	–	–	20 807 264 ²	22.5%	20 807 264	22.5%
Quintin Rossi	–	–	7 314 329 ³	7.9%	7 314 329	7.9%
Christiaan Barnard	100 000	0.1%	–	–	100 000	0.1%
Brian Goldberg	1 300 000	1.4%	–	–	1 300 000	1.4%
Jalal Allie	100 000	0.1%	–	–	100 000	0.1%
Niclas Kjellström-Matseke	625 000 ⁴	0.7%	–	–	625 000	0.7%
Total	2 125 000	2.3%	48 928 857	52.9%	51 053 857	55.2%

Notes:

1. Abu Varachhia holds Shares through his associate Mtshobela Capital.
2. Mike Flax holds Shares through his associate Fronsac Investments.
3. Quintin Rossi holds Shares through his associate Evlah Investments.
4. 625 000 Shares have been placed with and will be issued to Niclas Kjellström-Matseke in terms of the Pre-Placement at an issue price of R8 per Share.

10.8.6 There will be no changes in the shareholding of the Directors in the Company between the first issue of Shares in the Company and the Listing Date, save as set out below:

Prior to the Listing Date:

- 10.8.6.1 22 312 864 Shares will be issued to the Varachhia Trust in terms of the Spear Holdco Acquisition;
- 10.8.6.2 the Varachhia Trust will sell an aggregate of 820 500 Shares to Christiaan Barnard, Brian Goldberg, Jalal Allie, staff members and other private individuals collectively and will transfer its remaining 21 492 364 Shares to Mtshobela Capital;
- 10.8.6.3 22 312 864 Shares will be issued to Fronsac Investments in terms of the Spear Holdco Acquisition;
- 10.8.6.4 Fronsac Investments will sell an aggregate of 820 500 Shares to Christiaan Barnard, Brian Goldberg, Jalal Allie, staff members and other private individuals collectively;
- 10.8.6.5 7 875 129 Shares will be issued to the Rossi Trust in terms of the Spear Holdco Acquisition;
- 10.8.6.6 the Rossi Trust will sell an aggregate of 319 000 Shares to Christiaan Barnard, Brian Goldberg, Jalal Allie, staff members and other private individuals collectively and will transfer its remaining 7 556 129 Shares to Evlah Investments;
- 10.8.6.7 Christiaan Barnard will acquire an aggregate of 100 000 Shares from the Varachhia Trust, Fronsac Investments and the Rossi Trust collectively;

10.8.6.8 1 000 000 Shares will be issued to Brian Goldberg in terms of the Spear Subsidiary Minority Acquisition and he will acquire an aggregate of 300 000 Shares from the Varachhia Trust, Fronsac Investments and the Rossi Trust collectively; and

10.8.6.9 Jalal Allie will acquire an aggregate of 100 000 Shares from the Varachhia Trust, Fronsac Investments and the Rossi Trust collectively.

10.9 Service contracts of Directors

10.9.1 Employment agreements have been concluded with the executive Directors. The employment agreements concluded with them include standard termination and other provisions for contracts of this nature.

10.9.2 No restraint of trade payments have been paid or are payable to any of the Directors.

11. PRIVATE PLACEMENT

11.1 Overview of the Private Placement

11.1.1 Prior to the Listing, the Company will raise up to R112 500 000 by way of a private placement with Invited Investors of up to 12 500 000 new Private Placement Shares at the Placement Price of R9 per Private Placement Share. In addition, the Founders will sell up to 1 612 000 Shares to Invited Investors at the Placement Price of R9 per Share, the proceeds of which will be used to settle a portion of the listing fees and an assumed liability of a Spear Subsidiary.

11.1.2 In terms of the Pre-Placement, the Company has already received irrevocable commitments from Invited Investors to subscribe for 23 308 822 Shares to the value of R187 500 000.

11.1.3 The Board has the discretion to increase or decrease the number of Private Placement Shares and the amount sought to be raised in the Private Placement.

11.1.4 Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who subscribe for or purchase Private Placement Shares, the subscription and/or acquisition cost of which exceeds R1 million per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.

11.1.5 The proceeds of the Private Placement will be employed, *inter alia*, to initially reduce debt and to have capacity to fund future acquisitions.

11.2 Salient dates

The salient dates for the Private Placement are contained in the table appearing on the front cover of this Pre-listing Statement, as well as in the “*Salient Dates and Times*” section of this Pre-listing Statement.

11.3 Condition Precedent

The Listing is conditional on the achievement of a public spread of Shareholders acceptable to the JSE, being a minimum of 10% of the issued share capital of the Company being held by the public.

Should the Condition Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the Condition Precedent.

11.4 Pre-Placement

In terms of the Pre-Placement, the parties set out below have provided irrevocable commitments to subscribe for an aggregate of 23 308 822 Shares on Listing, as set out below:

Name of Party	Number of Shares	Issue Price
Investec Wealth & Investment	9 937 500	R8
Mazi Capital Proprietary Limited	5 937 500	R8
Perpetua Investment Managers	1 250 000	R8
Catalyst Alpha Q1 Prescient Hedge Fund	1 000 000	R8
Stockshare Nominees Proprietary Limited (Sasfin)	625 000	R8
Various individuals and trusts *	2 500 000	R8
Various individuals and trusts *	2 058 822	R8.50
Total	23 308 822	

Note:

* These various individuals and trusts are business associates of the Company and/or the Directors.

11.5 Further details of the Private Placement

Please refer to **Annexure 19** for further particulars regarding the Private Placement, including, *inter alia*, the procedures for acceptance, payment and delivery of the Private Placement Shares and the position in the event of an over-application for Private Placement Shares.

12. SHARE CAPITAL

12.1 Authorised and issued share capital

12.1.1 The authorised and issued share capital of the Company, immediately prior to the Listing Date, is as set out below:

	Number of Shares	R
Authorised share capital		
Ordinary Shares of no par value	1 000 000 000	–
Issued share capital		
Stated capital – ordinary Shares of no par value	56 806 299	567 917 843
Treasury Shares	–	–
Total		567 917 843

12.1.2 Following the Capital Raisings, the authorised and issued share capital of the Company on the Listing Date is expected to be as follows (on the assumption that 12 500 000 new Private Placement Shares are issued in terms of the Private Placement and 23 308 822 new Shares are issued in terms of the Pre-Placement):

	Number of Shares	R
Authorised share capital		
Ordinary Shares of no par value	1 000 000 000	–
Issued share capital		
Stated capital – ordinary Shares of no par value	92 615 121	867 609 843
Treasury Shares	–	–
Total		867 609 843

12.1.3 As at the Last Practicable Date and on the Listing:

12.1.3.1 no debentures had been, or will have been, created or issued by the Company;

12.1.3.2 all Shares in issue were and will be fully paid up and freely transferable; and

12.1.3.3 all Shares in issue ranked and will rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

12.2 Major and controlling Shareholders

12.2.1 As far as the Company is aware, immediately prior to the Capital Raisings and the Listing, the following Shareholders will be beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Shareholder	Number of Shares held	% of Shares in issue held
Fronsac Investments	21 492 364	37.8%
Mtshobela Capital	21 492 364	37.8%
Evlah Investments	7 556 129	13.3%
Total	50 540 857	88.9%

12.2.2 There have been and will be no changes in the controlling Shareholders of the Company during the past five years prior to the Listing Date, save as set out in paragraph 10.8.6 above when Shares will be issued to the Varachhia Trust and Fronsac Investments.

12.2.3 Assuming that the Private Placement is fully subscribed and the Pre-Placement Shares are issued, as far as the Company is aware, as at the Listing Date, the following Shareholders will be beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Shareholder	Number of Shares held	% of Shares in issue held
Fronsac Investments	20 807 264	22.5%
Mtshobela Capital	20 807 264	22.5%
Investec Wealth & Investment	9 937 500	10.7%
Evlah Investments	7 314 329	7.9%
Mazi Capital Proprietary Limited	5 937 500	6.4%
Total	64 803 857	70%

12.3 Rights attaching to Shares

Salient provisions of the MOI relating to the rights attaching to Shares, and the variation of such rights, appear in **Annexure 8** hereto.

12.4 Changes to share capital

12.4.1 The share capital of the Company has undergone the following alterations in the three years prior to the date of this Pre-listing Statement:

a special resolution increasing the Company's authorised share capital to 1 000 000 000 Shares, was approved by Shareholders on or about 20 July 2016 and was subsequently filed with the CIPC.

12.4.2 Save as set out in paragraph 12.4.1 above, there have been no consolidations or subdivisions of the Company's securities over the three years preceding the date of this Pre-listing Statement.

12.5 Shares issued

Save for the issue of shares by the Company and Spear Holdco as set out below, neither the Company, nor any of the Spear Subsidiaries has issued or will issue any shares during the period from its incorporation until the Listing Date:

12.5.1 Shares to be issued by **Spear Holdco** in terms of the Spear Property Acquisition:

Shareholder	Anticipated Date of Issue	Number of Shares issued	Price at which Shares issued
Fronsac Investments	1 November 2016	14 720 468	R10
Varachhia Trust	1 November 2016	14 720 468	R10
Rossi Trust	1 November 2016	5 195 459	R10
Total		34 636 396	

12.5.2 Shares to be issued by **Spear Holdco** in terms of the Spear Subsidiary Acquisition:

Shareholder	Anticipated Date of Issue	Number of Shares issued	Price at which Shares issued
Fronsac Investments	1 November 2016	7 592 396	R10
Varachhia Trust	1 November 2016	7 592 396	R10
Rossi Trust	1 November 2016	2 679 669	R10
Total		17 864 461	

12.5.3 Shares to be issued by **the Company** in terms of the Spear Subsidiary Minority Acquisition:

Shareholder	Anticipated Date of Issue	Number of Shares issued	Price at which Shares issued
Minority Shareholders	1 November 2016	4 305 442	R10
Total		4 305 442	

12.5.4 Shares to be issued by **the Company** in terms of the Spear Holdco Acquisition:

Shareholder	Anticipated Date of Issue	Number of Shares issued	Price at which Shares issued
Fronsac Investments	1 November 2016	22 312 864	R10
Varachhia Trust	1 November 2016	22 312 864	R10
Rossi Trust	1 November 2016	7 875 129	R10
Total		52 500 857	

12.6 Share repurchases

Neither the Company, nor any of the Spear Subsidiaries has repurchased any shares within the three years preceding this Pre-listing Statement, save for the repurchase by the Company of 100 Shares at an aggregate consideration of R100 from the Spear Property Trust on 1 November 2016, which Shares were originally issued at incorporation.

12.7 Authorisations

The following resolutions were passed by the Shareholders of Spear on or about 7 October 2016:

12.7.1 a special resolution in terms section 41(3) of the Companies Act authorising the Company to issue such number of Shares as may be required in terms of the Spear Acquisitions, the Pre-Placement and the Private Placement to the extent that the voting power of such Shares exceed 30% of the voting power of all Shares held by Shareholders immediately prior to the issue of such Shares;

12.7.2 a special resolution in terms section 41(1) of the Companies Act authorising the Company to issue Shares to Directors, future directors, prescribed officers, or future prescribed officers of the Company (or their nominees); or persons related or inter-related to the Company, or to a Director or prescribed officer of the Company (or their nominees), in terms of the Spear Acquisitions, the Pre-Placement and the Private Placement;

12.7.3 a special resolution in terms section 45 of the Companies Act authorising the Company, as a general approval, to provide any direct or indirect financial assistance which the Board may deem fit to any director or prescribed officer of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, on the terms and conditions and for amounts which the Board may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company;

- 12.7.4 a special resolution in terms section 44 of the Companies Act authorising the Company, as a general approval, to provide any direct or indirect financial assistance which the Board may deem fit to any person or entity, on the terms and conditions and for amounts which the Board may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company;
- 12.7.5 a special resolution authorising the Company and the Spear Subsidiaries, as a general approval, to repurchase a maximum number of Shares equal to 20% in the aggregate in any one financial year of the Company's issued share capital, at a price of no more than 10% above the weighted average of the market value of the Shares for the five business days immediately preceding the date that the transaction is effected, upon such terms and conditions as the Board may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI and the JSE Listings Requirements and provided that the general authority shall only be valid until the next annual general meeting of the Company; and
- 12.7.6 an ordinary resolution authorising the Board, by way of a general authority, to allot and issue any of the Company's unissued Shares, in the aggregate equal to not more than 15% of the Company's issued share capital, for cash, at a maximum discount of 10% of the weighted average traded price of such Shares, as determined over the 30 business days prior to the date that the price of the issue is agreed, as they in their discretion may deem fit, without restriction, subject to the provisions of the MOI, the Companies Act and the JSE Listings Requirements and provided that the general authority shall only be valid until the next annual general meeting of the Company.

12.8 Options and preferential rights in respect of Shares

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any Shares.

12.9 Dividends

12.9.1 In terms of the MOI all unclaimed monies that are due to any Shareholder pursuant to the declaration of a dividend shall be held by the Company in trust until lawfully claimed by such Shareholder, or until the Shareholder's claim to such money has prescribed in terms of the applicable laws of prescription.

12.9.2 No arrangements exist under which future dividends are waived or are agreed to be waived.

12.10 No other listings

As at the date of this Pre-listing Statement, no securities of the Company are listed on the JSE or on any other stock exchange.

13. FINANCIAL INFORMATION

13.1 Historical financial information

The historical financial information of the Company, showing its statement of financial position as at 29 February 2016, is presented in **Annexure 1** and is the responsibility of the Directors, while the Independent Reporting Accountants' report thereon is included as **Annexure 2** to this Pre-listing Statement.

13.2 Pro forma financial effects

The consolidated *pro forma* financial effects of the Spear Acquisitions, the Capital Raisings and the Listing, as set out below, are the responsibility of the Directors. The consolidated *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of the Company has been prepared and in terms of the Company's accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of the Company's financial position after the Listing.

The consolidated *pro forma* financial effects are summarised below and should be read in conjunction with the consolidated *pro forma* statement of financial position as set out in **Annexure 3**, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in **Annexure 3**. The Independent Reporting Accountants' report on the consolidated *pro forma* financial information appears at **Annexure 4** to this Pre-listing Statement and the Independent Reporting Accountants' review conclusion on the value and existence of the assets and liabilities acquired by the Company appears at **Annexure 5** to this Pre-listing Statement.

	Dormant Spear Actual R'000	Spear Property Acquisition <i>Pro forma</i> R'000	Spear Subsidiary Acquisition and Spear Subsidiary Minority Acquisition <i>Pro forma</i> R'000	Capital Raisings <i>Pro forma</i> R'000
Net asset value per Share (cents)	–	1 004	1 000	937
Tangible net asset value per Share (cents)	–	1 004	1 000	937
Number of ordinary Shares in issue	–	34 636 396	56 806 299	92 615 121
Net ordinary Shares	–	34 636 396	56 806 299	92 615 121

13.3 **Forecast financial information**

The forecast financial information of the Company is presented in **Annexure 6**, and is the responsibility of the Directors. The forecast financial information is presented in a manner consistent with the basis on which the historical financial information of the Company has been prepared and in terms of the Company's accounting policies. The Independent Reporting Accountants' report on the forecast financial information appears at **Annexure 7** to this Pre-listing Statement.

13.4 **Material changes**

13.4.1 There have been no material changes in the financial or trading position of the Company or the Spear Subsidiaries following the Spear Acquisitions.

13.4.2 There have been no material changes in the business of the Company, and no changes in the trading objects of the Company, since its incorporation.

13.5 **Material commitments, lease payments and contingent liabilities**

As at the Last Practicable Date, the Company had no material commitments, lease payments or contingent liabilities.

13.6 **Material borrowings**

13.6.1 As at the Last Practicable Date, no debentures have been issued by the Company or any of the Spear Subsidiaries and no material loans have been advanced to them, save as set in **Annexure 15**.

13.6.2 The Group has no material loans that are repayable within the next 12 months and all the material borrowings outstanding as at the Last Practicable Date are listed in **Annexure 15**.

13.6.3 No debentures have been created in terms of a trust deed and no replacement debentures have been issued by the Company.

13.7 **Loans receivable and security provided**

13.7.1 As at the Last Practicable Date:

13.7.1.1 no material loans have been made to any third parties by the Company or by any of the Spear Subsidiaries; and

13.7.1.2 the Group has not made any loans to, or furnished any security for the benefit of, any Director or manager of the Company (or of any associate of any such Director or manager).

13.7.2 As at the Last Practicable Date, the Company has provided a guarantee to Nedbank Limited in the amount of R23.5 million, in order to facilitate the subscription for Shares in the Company by the Ikamva Labantu Empowerment Trust ("**ILE Trust**") in terms of the Private Placement. The ILE Trust is a non-profit, non-governmental organisation, which provides services to local communities, spanning across the following categories: healthcare, learning, development and resources. The ILE Trust works through local communities and aims to empower them to become self-sufficient and sustainable.

14. **GROUP ACTIVITIES**

14.1 **Principal immovable property owned and leased**

The situation, area and tenure, including, in the case of leasehold property, the rental and unexpired term of the leases, of the principal immovable properties occupied by the Group, are outlined in **Annexure 16**.

14.2 **Intercompany financial and other transactions**

There are no material inter-company financial and other transactions in the Spear Group as at the Last Practicable Date, save as are detailed in **Annexure 15**.

14.3 **Material acquisitions**

14.3.1 Since its incorporation, the Spear Group has only made the following material acquisitions:

14.3.1.1 the Spear Property Acquisition by Spear Holdco in terms of the Spear Property Acquisition Asset for Share Agreement;

14.3.1.2 the Spear Subsidiary Acquisition by Spear Holdco in terms of the Spear Subsidiary Acquisition Asset for Share Agreement;

14.3.1.3 the Spear Subsidiary Minority Acquisition by Spear in terms of the Spear Subsidiary Minority Acquisition Asset for Share Agreements; and

14.3.1.4 the Spear Holdco Acquisition by Spear in terms of the Spear Holdco Acquisition Asset for Share Agreement.

14.3.2 The names and addresses of the vendors in respect of the acquisitions and the consideration received, or to be received, by each of them is set out in **Annexure 18**.

14.4 **Material property disposed of or to be disposed of**

The Group has not disposed of any material property during the last three years and is not currently contemplating any material disposals.

14.5 Adequacy of working capital

The Directors are of the opinion that the working capital available to the Group is adequate for the present requirements of Group, that is, for a period of 12 months from the date of issue of this Pre-listing Statement.

14.6 Royalties

No royalties or similar items are payable by the Company or the Spear Subsidiaries.

15. KING III CODE AND CORPORATE GOVERNANCE

Shareholders are referred to **Annexure 9**, which concerns the application of the King III Code and other corporate governance principles.

16. LISTING ON JSE

16.1 **The Listing is conditional on the achievement of a public spread of Shareholders acceptable to the JSE, being a minimum of 10% of the issued share capital of the Company being held by the public.**

16.2 Assuming that the Private Placement is successful, Spear will, following the implementation of the Pre-Placement and the Private Placement, comply with the JSE's listing criteria, in that:

16.2.1 the stated capital of the Company will exceed R2 million;

16.2.2 the Company has audited historical financial statements as at 29 February 2016, and included forecast financial information in **Annexure 6**;

16.2.3 more than 10% of the issued ordinary share capital of the Company will be held by the public;

16.2.4 the Company will have control over the majority of its assets;

16.2.5 the Company will have gross assets of at least R300 million, as reflected in the *pro forma* statement of financial position, set out in **Annexure 3**; and

16.2.6 at least 75% of the revenue of the Group, as reflected in the forecast financial information presented in **Annexure 6**, will be derived from rental revenue.

16.3 The JSE has granted the Company a listing of all its issued ordinary Shares as a REIT on the AltX under the abbreviated name "SpearReit", share code "SEA" and ISIN ZAE000228995 with effect from the commencement of trade on Friday, 11 November 2016, subject to the Company having satisfied the JSE Listings Requirements regarding the spread of public shareholders. The Company will be listed in the "Diversified REITS" sector.

16.4 Shareholders are advised that their Shares may only be traded on the AltX in Dematerialised form.

17. EXCHANGE CONTROL

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt hereto, please consult your attorney, accountant or professional adviser.

17.1 Emigrants from the Common Monetary Area

17.1.1 A former resident of the Common Monetary Area who has emigrated from South Africa may use blocked Rand to purchase or subscribe for Shares in terms of the Private Placement.

17.1.2 All payments in respect of the purchase of, or subscription for, Private Placement Shares by emigrants using blocked Rand must be made through the authorised dealer in foreign exchange controlling the block assets.

17.1.3 Statements issued to Dematerialised Shareholders will be restrictively endorsed as "NON-RESIDENT".

17.1.4 If applicable, refund monies in respect of unsuccessful applications, emanating from blocked Rand accounts, will be returned to the authorised dealer administering such blocked Rand accounts for the credit of such applicant's blocked Rand account.

17.1.5 No residents of the Common Monetary Area may, either directly or indirectly, be permitted to receive an allocation as employees of any offshore subsidiaries.

17.2 Applicants resident outside the Common Monetary Area

17.2.1 A person who is not resident in the Common Monetary Area should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the Private Placement.

17.2.2 This Pre-listing Statement is accordingly not a Private Placement in any area or jurisdiction in which it is illegal to make such an offer. In such circumstances this Pre-listing Statement is provided for information purposes only.

18. PROMOTERS' AND OTHER INTERESTS

18.1 No amounts have been paid or have accrued as payable by the Company and no benefit was given or proposed to be given within the last three years to any promoter or to any partnership, syndicate or other association of which he is or was a member, save for in terms of the Spear Acquisitions.

18.2 Save for being a Shareholder of the Company, no Director or promoter has any material beneficial interest, direct or indirect, in the promotion of the Company or will, immediately prior to the Listing Date, have any material beneficial interest, direct or indirect, in any material property referred to in paragraph 14.3 above.

- 18.3 No commissions were paid, or accrued as payable, by the Company prior to the date of this Pre-listing Statement in respect of any underwriting.
- 18.4 No commissions, discounts, brokerages or other special terms have been granted by the Company prior to the date of this Pre-listing Statement in connection with the issue or sale of any securities, stock or debentures in the capital of the Company, save for in respect of the Pre-Placement.

19. **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW**

There is no Government protection or investment encouragement law affecting the Company or the Spear Subsidiaries.

20. **LITIGATION**

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have, or have during the 12 months preceding the Last Practicable Date had, a material effect on the financial position of the Group.

21. **MATERIAL CONTRACTS**

Save for the Spear Property Acquisition Asset for Share Agreement, the Spear Holdco Acquisition Asset for Share Agreement, the Spear Subsidiaries Acquisition Asset for Share Agreement and the Spear Subsidiaries Minority Acquisition Asset for Share Agreements, no material contracts (including restrictive funding arrangements) have been entered into by the Group, other than in the ordinary course of business, (i) within the two years prior to the date of this Pre-listing Statement or, (ii) at any other time where such agreement contains an obligation or settlement that is material to the Company as at the date of this Pre-listing Statement.

22. **EXPERTS' CONSENTS**

The Independent Reporting Accountants and each of the experts, whose names appear in the "Corporate Information" section of this Pre-listing Statement, have given and have not, prior to the formal approval of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, being included in this Pre-listing Statement.

23. **EXPENSES**

- 23.1 The preliminary and issue expenses relating to the Private Placement and the Listing, which have been incurred or which are expected to be incurred, assuming that the Private Placement is fully subscribed, are anticipated to amount to approximately R7 060 000, excluding VAT, and include the following:

Expense	Recipient	R'000
Private Placement fees	PSG Capital	4 500
Transaction Adviser fees	PSG Capital	475
Designated Adviser fees	PSG Capital	475
Independent Reporting Accountant fees	Grant Thornton	250
Attorneys legal fees	Cliffe Dekker Hofmeyr	250
Attorneys legal fees	C&A Friedlander	500
Property valuation fees	Mills Fitchet Magnus Penny & Wolffs	180
Printing, publication, distribution and advertising expenses	Greymatter & Finch	52
JSE documentation fees	JSE	176
JSE listing fees	JSE	26
Transfer Secretaries	Computershare	26
Administration fees	Strate	30
Contingent fees		120
Total		7 060

- 23.2 It is recorded that the Company will only be liable for a portion of the expenses relating to the Private Placement and the Listing amounting to approximately R488 000, excluding VAT. The remaining expenses relating to the Private Placement and the Listing, which have been incurred or which are expected to be incurred, will be settled by the Founders.

24. **RESPONSIBILITY STATEMENT**

The Directors, whose names are set out in paragraph 10 of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement which relates to the Company and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

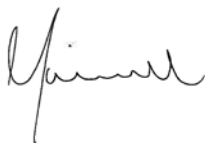
25. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection at the registered office of the Company and at the Stellenbosch and Johannesburg offices of PSG Capital at the addresses referred to in the "Corporate Information" section of this Pre-listing Statement, during normal office hours from the date of issue of this Pre-listing Statement until the Listing Date:

- 25.1 the MOI of the Company and the memorandums of incorporation of the Spear Subsidiaries;
- 25.2 the Spear SIT Deed;

- 25.3 the historical financial information of the Company as at 29 February 2016 as reproduced at **Annexure 1** of this Pre-listing Statement;
- 25.4 the Independent Reporting Accountants' report on the historical financial information of the Company, as reproduced at **Annexure 2** of this Pre-listing Statement;
- 25.5 the consolidated *pro forma* financial information of the Company as reproduced at **Annexure 3** of this Pre-listing Statement;
- 25.6 the Independent Reporting Accountants' report on the consolidated *pro forma* financial information of the Company, as reproduced at **Annexure 4** of this Pre-listing Statement;
- 25.7 the Independent Reporting Accountants' review conclusion on the value and existence of the assets and liabilities acquired by the Company, as reproduced at **Annexure 5** of this Pre-listing Statement;
- 25.8 the forecast financial information of the Company as reproduced at **Annexure 6** of this Pre-listing Statement;
- 25.9 the Independent Reporting Accountants' report on the forecast financial information of the Company, as reproduced at **Annexure 7** of this Pre-listing Statement;
- 25.10 the Independent Property Valuer's abridged valuation report on the immovable property of the Group as reproduced at **Annexure 17** of this Pre-listing Statement, as well as the full detailed valuation reports in respect of each of the properties;
- 25.11 the employment agreements of the executive Directors;
- 25.12 the Spear Property Acquisition Asset for Share Agreement, the Spear Holdco Acquisition Asset for Share Agreement; the Spear Subsidiaries Acquisition Asset for Share Agreement and the Spear Subsidiaries Minority Acquisition Asset for Share Agreements;
- 25.13 written consent letters by experts and advisers, as referred to in paragraph 22 above; and
- 25.14 a copy of this Pre-listing Statement.

SIGNED AT CAPE TOWN ON FRIDAY, 21 OCTOBER 2016 BY MICHAEL NAFTALI FLAX ON BEHALF OF ALL THE DIRECTORS OF THE COMPANY, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS



MICHAEL NAFTALI FLAX
Chief executive officer

Abubaker Varachhia * (*Chairman*)
 Michael Naftali Flax (*Chief executive officer*)
 Quintin Michael Rossi (*Managing Director*)
 Christiaan Barnard (*Financial Director*)
 Brian Leon Goldberg **
 Jalaloodien Ebrahim Allie ** (*Lead independent Director*)
 Niclas Kjellström-Matseke **

* *Non-executive*

Independent

HISTORICAL FINANCIAL INFORMATION OF THE COMPANY AS AT 29 FEBRUARY 2016

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to this **Annexure 1**.

Set out below are the audited financial statements of Spear REIT Limited (“**Spear**” or “**the Company**”) for the period from the date of incorporation, being 18 November 2015 to 29 February 2016 (“**Historical Financial Information**”). The Historical Financial Information is the responsibility of the directors of Spear (“**Directors**”). The Historical Financial Information for the period ended 29 February 2016 was prepared in accordance with the Companies Act, International Financial Reporting Standards (“**IFRS**”) and interpretations adopted by the International Accounting Standards Board (“**IASB**”) and were audited by Grant Thornton Cape Incorporated, who issued an unqualified audit opinion thereon. The independent auditor’s report on the Historical Financial Information is presented in **Annexure 2**.

Nature of business

Spear was initially incorporated as a shelf company, Spear REIT Proprietary Limited, on 18 November 2015. The Company is a property holding and investment company. There has been no change in the nature of the business of the Company, the nature of the investment property or the policy regarding the use thereof.

Share capital

100 ordinary shares were issued to the value of R1 on incorporation.

Distributions

No distributions were declared or paid in respect of the period ended 29 February 2016.

Material borrowings

The Company does not have any borrowings as at 29 February 2016.

Loans receivable

The Company did not have any loans receivable during the period ended 29 February 2016 nor did it furnish any loan for the benefit of any Director or manager or any associate of any Director or manager.

Share schemes

The Company does not operate any share schemes involving employees, as at 29 February 2016.

Subsequent events

Other than as disclosed in this Pre-listing Statement to which this historical financial information is attached, no material fact or circumstance has occurred between the latest reporting period end being 29 February 2016 and the date of this Pre-listing Statement.

Material changes

Save as disclosed in respect of the pre-listing acquisitions as detailed in the Pre-listing Statement (“**Spear Acquisitions**”), the Pre-Placement and the Private Placement:

- there have been no major changes in the nature of the investment property and in the policy regarding the use thereof;
- there have been no other material changes in the nature of business of the Company; and
- there has been no other material fact or circumstance that has occurred between 29 February 2016, being the latest financial reporting date and the date of this Pre-listing Statement.

Commentary

During the period between 29 February 2016 and the date of the Pre-listing Statement:

- the Company was acquired by the current shareholders as a property investment holding company;
- the following individuals were appointed to the board of Directors (“**Board**”):
 - Abubaker Varachhia (non-executive Director and chairman of the Board);
 - Michael Naftali Flax (chief executive officer);
 - Quintin Michael Rossi (managing Director);
 - Christiaan Barnard (financial Director);
 - Brian Leon Goldberg (independent non-executive Director);
 - Jalaloodien Ebrahim Allie (lead independent non-executive Director); and
 - Niclas Kjellström-Matseke (independent non-executive Director);
- the Company entered into negotiations to acquire a portfolio of properties; and
- the Company applied for a listing on the JSE Limited.

Spear REIT Limited
Formerly Spear REIT Proprietary Limited
(Registration number 2015/407237/07)
Financial Statements for the period ended 29 February 2016
Statement of Financial Position

Figures in Rand	Note	2016
Assets		
Current Assets		
Cash and cash equivalents	2	100
Equity and Liabilities		
Equity		
Share capital	3	100

1.1 Statement of compliance

The Company's financial statements have been prepared in accordance with IFRS, the interpretations issued respectively by the IASB, the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act.

1.2 Basis of preparation

The Company's financial statements are prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair value. Fair value adjustments do not affect the calculation of distributable earnings but do affect the net asset value per linked unit to the extent that adjustments are made to the carrying values of assets and liabilities.

The financial statements are presented in Rand, which is the functional currency.

1.3 Basis of consolidation

1.3.1 Business combinations

All business combinations are accounted for by applying the acquisition method.

The Company and its subsidiaries ("**Group**") controls an entity when it 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 over the entity. The acquisition date is the date on which control is transferred to the acquirer.

Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured at acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. The Group measures any non-controlling interest either at its proportionate interest in the identifiable net assets of the acquiree or at fair value. This election is made for each business combination.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred, except if it is related to the issue of debt or equity securities.

1.3.2 Subsidiaries

Subsidiaries are those entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the case of the Company, investments in subsidiaries are measured at cost less impairment losses.

1.3.3 Transaction eliminated on consolidation

Intra-group balances and transactions and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 **Investment properties**

Investment properties consist of properties acquired to earn rental income for the long term and subsequent capital appreciation. Properties are recognised initially at cost on acquisition, which comprises the purchase price and directly attributable expenditure.

Subsequent expenditure is capitalised when it is probable that future economic benefits from the use of the investment property will flow to the Company. On redeveloping an existing investment property, all costs directly attributable to the construction (including borrowing costs) are capitalised. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Subsequent to initial recognition investment properties are measured at their fair value. Fair value is determined annually using the discounted cash flow method. Gains or losses arising from changes in fair value are included in profit or loss for the period in which they arise. These gains or losses, net of deferred taxation, are transferred to a fair value reserve as they are not available for distribution.

On disposal of investment properties, the difference between the net disposal proceeds and the fair value at the date of the last valuation is charged or credited to profit or loss and transferred to the fair value reserve.

When the Company begins to refurbish an existing investment property for continued future use as investment property, the property remains classified as investment property, which is measured based on the fair value model.

1.5 **Non-current assets held for sale**

Classification

Non-current assets held for sale, are those investment properties whose carrying amount will be recovered principally through sale rather than use. To classify the investment property as a non-current asset held for sale, it must be available for immediate sale in its present condition, subject only to terms that are usual for the sale of such assets, and the sale must be highly probable within a year. For the sale to be highly probable, management must be committed to a plan to dispose of the investment properties, actively market them, and expect that the properties will be sold within a year.

Measurement

The investment properties held for sale are measured in terms of IAS40 at fair value.

1.6 **Financial instruments**

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value, plus directly attributable transaction costs for financial instruments other than those classified at fair value through profit or loss. Financial instruments include cash and cash equivalents, trade and other receivables, trade and other payables, loan to subsidiary, other financial liabilities and derivative financial instruments.

Financial instruments include the following instruments per category:

Loans and receivables

- cash and cash equivalents;
- trade and other receivables; and
- loan to subsidiary.

Other financial liabilities

- trade and other payables; and
- interest-bearing borrowings.

Subsequent to initial recognition, financial instruments are measured on the basis set out below:

1.6.1 **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value. Cash and cash equivalents are subsequently measured at amortised cost which is equivalent to fair value.

1.6.2 **Trade and other receivables**

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less impairment losses. Receivables with a short duration are not discounted as the effects of discounting are immaterial.

1.6.3 **Trade and other payables**

Trade and other payables are measured at amortised cost, using the effective interest method. Payables with a short duration are not discounted as the effects of discounting are immaterial.

1.6.4 **Other financial liabilities**

Interest-bearing borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

1.6.5 **De-recognition**

The Company de-recognises a financial asset when and only when:

- a) the contractual rights to the cash flows arising from the financial asset have expired in the Group; or
- b) it transfers the rights to receive the contractual cash flows on the financial asset including transferring substantially all the risks and rewards of ownership of the asset; or
- c) it transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset. If the Group has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is de-recognised when and only when the liability is extinguished, that is when the obligation specified in the contract is discharged, cancelled or has expired.

1.6.6 **Offset**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts, and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.6.7 **Impairment**

Financial assets carried at amortised cost are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that trade and other receivables are impaired includes default or delinquency by a debtor.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment and, if found not to be specifically impaired, are collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Impairment loss reversals are recognised in profit or loss.

1.7 **Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.9 **Revenue recognition**

1.9.1 **Rental income**

Revenue from the letting of investment property comprises rentals (excluding VAT) and is recognised on a straight-line basis over the term of the lease. Contingent rentals are included in revenue when the amounts can be reliably measured. Recoveries of costs from lessees, where the Company merely acts as agent and makes payment of these costs on behalf of lessees, are offset against the relevant costs.

1.9.2 **Finance income**

Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest method.

1.9.3 **Interest income from subsidiaries**

Interest income is earned by the Company on its investments in its subsidiary.

1.10 Expenses

1.10.1 Letting costs

Letting costs, which include tenant installations are recognised in profit or loss over the period of the applicable lease, with the deferred portion being included in receivables.

1.10.2 Finance costs

Finance costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.

The amount of finance costs eligible for capitalisation is the actual finance costs on funds borrowed in respect of the specific asset less any temporary investment income on those borrowings. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended uses are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred using the effective interest rate method.

1.11 Taxation

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to business combinations, or items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: initial recognition of assets and liabilities in a transaction that is not a business combination, where the initial recognition affects neither accounting nor taxable profit or loss and on differences relating to investments in subsidiaries, associates and joint ventures to the extent that the parent company is able to control the timing of the reversal of the temporary differences and they will probably not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable group, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Other assets & liabilities

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Investment properties

In respect of investment properties the measurement of deferred tax is based on a rebuttable presumption that the amount of the investment property will be recovered entirely through sale. Capital gains and losses for property sold by a REIT are disregarded and the rate relevant to recoupments is 28%. Investment properties are held as long-term income generating assets. Therefore, should any property no longer meet the Company's investment criteria and be sold, any profits or losses will be capital in nature and will be taxed at rates applicable to capital gains (current nil). Allowances previously claimed will be recouped on sale. Where an accumulated loss is available to shield this recoupment, a deferred tax asset is raised.

1.12 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to salaries and leave represent the amount which the Company has a present obligation to pay as a result of the employees' services provided to the reporting date.

1.13 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of businesses is included in intangible assets. The following applies for measurement of goodwill at initial recognition:

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

1.14 Furniture, fittings and equipment

(i) Recognition and measurement

Items of furniture, fittings and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of furniture, fittings and equipment have different useful lives, they are accounted for as separate items (major components) of furniture, fittings and equipment.

Gains and losses on disposal of an item of furniture, fittings and equipment are determined by comparing the proceeds from disposal with the carrying amount of furniture, fittings and equipment, and are recognised net within other income in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of furniture, fittings and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of furniture, fittings and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated based on the asset's depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of furniture, fittings and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

1.15 Impairment of non-financial assets

The carrying amount of the Company's assets, other than investment property and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the period in which they are incurred.

The recoverable amount of these assets is the greater of their fair value less cost of disposal and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Impairment loss reversals are recognised in profit or loss.

1.16 Leases

The Company is party to numerous leasing contracts as the lessor of property. All leases are operating leases, which are those leases where the Company retains a significant portion of the risks and rewards of ownership. An adjustment is made to contractual rental income earned to bring to account in the current period the difference between the rental income that the Company is currently entitled to and the rental for the period calculated on a smoothed, straight-line basis over the period of the lease term. The Company is also party to leasing contracts as the lessee of some property and equipment. Operating lease rentals with fixed escalation clauses are recognised in profit or loss on a straight-line basis over the lease term. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease asset or operating lease liability.

1.17 Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosure about fair value measurements when such measurement are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

1.18 Use of judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not apparent from other sources. Significant estimates are required in the determination of future cash flows, probabilities in assessing net recoverable amounts and fair value for measurement and disclosure purposes. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. These revisions are recognised in the period in which they are revised or any future period affected.

A controlled framework is in place in respect of the measurement of fair values. This includes the fair value measurements for investment properties, valued by an independent valuator, who reports directly to the Financial Director. Financial instruments measured at fair value, are adjusted for changes to its fair value as presented by the contracting financial institution.

When measuring the fair value of an asset or liability, market observable data are used as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers between the levels of the fair value hierarchy are done at the end of the reporting period during which the change has occurred.

Notes to the financial statements

2. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	100
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3. Share capital

Authorised

100 ordinary shares with no par value	100
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Issued

100 ordinary shares at R1 each	100
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4. Risk management

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (company treasury) under policies approved by the Board. The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

The Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE COMPANY AS AT 29 FEBRUARY 2016

The Directors

Spear REIT Limited

5th Floor
Double Tree by Hilton at the Upper Eastside
31 Brickfield Road
Woodstock
7925

18 October 2016

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SPEAR REIT LIMITED ("Spear" or the "Company") INCLUDED IN THE PRE-LISTING STATEMENT

Introduction

We have audited the financial information of Spear for the period from its incorporation (being 18 November 2015) to 29 February 2016 ("**Historical Financial Information**") as set out in **Annexure 1** of the pre-listing statement to be issued on or about Monday, 31 October 2016 ("**the Pre-listing Statement**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

The Historical Financial Information comprises the Statement of Financial Position as at 29 February 2016, and the notes thereto, comprising a summary of significant accounting policies and other explanatory information.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("**IRBA Code**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Directors' responsibility for the historical financial information

The Company's directors are responsible for the preparation, contents and presentation of the Pre-listing Statement and the fair presentation of the Historical Financial Information in accordance with International Financial Reporting Standards. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair representation of financial statements that is 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.

Reporting accountants' responsibility

Our responsibility is to express an opinion or conclusion on the Historical Financial Information of Spear, included in the Pre-listing Statement, based on our audit of such Historical Financial Information of Spear as at 29 February 2016.

This report of historical financial information has been prepared in accordance with and by applying (i) International Financial Reporting Standards ("**IFRS**"); (ii) the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; and (iii) the accounting policies of the Company.

We conducted our audit of the Historical Financial Information at 29 February 2016 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and report the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information of Spear at 29 February 2016 presents fairly, in all material respects, for the purposes of the Pre-listing Statement, the financial position of Spear at that date in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement to the shareholders of Spear in the form and context in which it appears.

Grant Thornton Cape Incorporated

Practice number 903485E
Chartered Accountants (SA)
Registered Auditors

Bernard van der Walt

Partner
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF THE COMPANY

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to this **Annexure 3**.

The consolidated *pro forma* financial information of the Company as at 29 February 2016 is set out below. The *pro forma* consolidated statement of financial position has been prepared for illustrative purposes only to show the financial effects of the Spear Property Acquisition, the Spear Subsidiary Acquisition, the Spear Subsidiary Minority Acquisition, and the Capital Raisings. Because of its nature, the *pro forma* statement of financial position may not fairly present the Company's financial position, changes in equity, results of operations or cash flows after Spear Acquisitions and the Capital Raisings.

The *pro forma* financial information as at 29 February 2016 is presented in a manner that is consistent with the accounting policies of the Company, IFRS and the basis on which the historical financial information has been prepared. The *pro forma* financial information has been prepared in accordance with the JSE Listings Requirements and in compliance with the revised SAICA Guide on *Pro forma* Financial Information.

<i>Pro forma</i> statement of financial position	Note 1	Note 2	Note 3	Note 4	Note 5
	Dormant Spear Actual R'000	Spear Holdco consolidation <i>Pro forma</i> R'000	Spear Property Acquisition <i>Pro forma</i> R'000	Upper East Side Hotel unadjusted audited balance sheet <i>Pro forma</i> R'000	Fundamental Holdings unadjusted audited balance sheet <i>Pro forma</i> R'000
ASSETS					
Non-current assets	–	–	–	–	–
Investment property	–	–	821 333	63 573	259 249
Investment in Subsidiary – Holdco	–	–	–	–	–
Property, plant and equipment	–	–	–	165 639	23
Loan to related party	–	–	–	–	–
Goodwill	–	–	–	–	–
Deferred taxation	–	–	–	–	–
	–	–	821 333	229 212	259 272
Current assets					
Inventories	–	–	–	3 093	–
Operating lease asset	–	–	–	–	–
Trade and other receivables	–	–	–	4 768	328
Loan to related party	–	–	–	20 542	–
Cash and cash equivalents	0.1	0.1	0.1	4 403	1 975
	0	0	0	32 807	2 303
TOTAL ASSETS	0	0	821 333	262 019	261 575
EQUITY AND LIABILITIES					
Total equity					
Shareholders' equity	0.1	0.1	347 613	0.1	0.1
Reserves	–	–	–	74 133	–
Accumulated income	–	–	–	23 947	34 755
	0	0	347 613	98 081	34 755
Liabilities					
Non-current liabilities					
Other financial liabilities	–	–	473 720	121 677	168 664
Loans from related parties	–	–	–	–	–
Provisions	–	–	–	600	–
Deferred taxation	–	–	–	28 881	9 646
	–	–	473 720	151 158	178 311
Current liabilities					
Other financial liabilities	–	–	–	2 479	24 605
Loans from Related Parties	–	–	–	–	19 506
Current tax payable	–	–	–	–	4 358
Trade and other payables	–	–	–	9 658	–
Provisions	–	–	–	643	40
Bank overdraft	–	–	–	–	–
	–	–	–	12 780	48 510
TOTAL EQUITY AND LIABILITIES	0	0	821 333	262 019	261 575
Number of ordinary shares in issue	–	–	34 636 396	–	–
Treasury shares	–	–	–	–	–
Net ordinary shares	–	–	34 636 396	–	–
Net asset value per share (cents)	–	–	1 004	–	–
Tangible net asset value per share (cents)	–	–	1 004	–	–

The *pro forma* statement of financial position as set out below should be read in conjunction with the report of the Independent Reporting Accountants which is included as **Annexure 4** to this Pre-listing Statement.

The Directors of Spear are responsible for the preparation of the *pro forma* financial information.

The *pro forma* statement of financial position of the Company as at 29 February 2016 has been prepared on the assumption that the Spear Acquisitions and the Capital Raisings were affected on 29 February 2016.

Note 6	Note 7	Note 8		Note 9	Note 11	Note 10	
Pacivista unadjusted audited balance sheet <i>Pro forma</i> R'000	Arrow Investments unadjusted audited balance sheet <i>Pro forma</i> R'000	All <i>Pro forma</i> consolidation transactions and entries <i>Pro forma</i> R'000	Total consolidated before Capital Raisings	Capital Raisings <i>Pro forma</i> R'000	Transaction cost <i>Pro forma</i> R'000	Expenses paid by founders through placing of Shares	Spear after Capital Raisings <i>Pro forma</i> R'000
-	-	-	-	-	-	-	-
79 091	3 863	165 639	1 392 747	-	180	-	1 392 927
-	-	-	-	-	-	-	-
-	-	(165 639)	23	-	-	-	23
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	18	(18)	-	-	-	-	-
79 091	3 880	(18)	1 392 770	-	180	-	1 392 950
-	-	(3 093)	-	-	-	-	-
-	-	-	-	-	-	-	-
29	449	(4 689)	884	-	-	-	884
-	-	(20 542)	-	-	-	-	-
550	39	(4 072)	2 896	-	(7 060)	6 572	2 408
579	488	(32 396)	3 780	-	(7 060)	6 572	3 292
79 669	4 368	(32 414)	1 396 550	-	(6 880)	6 572	1 396 242
0	0	237 491	585 104	300 000	(2 750)	6 572	888 926
-	-	(74 133)	-	-	-	-	-
27 935	277	(104 100)	(17 186)	-	(4 130)	-	(21 316)
27 935	277	59 258	567 918	300 000	(6 880)	6 572	867 610
32 978	3 318	-	800 357	(300 000)	-	-	500 357
-	-	-	-	-	-	-	-
-	-	-	600	-	-	-	600
6 404	-	(44 932)	-	-	-	-	-
39 382	3 318	(44 932)	800 957	(300 000)	-	-	500 957
2 701	-	(8 030)	21 755	-	-	-	21 755
8 851	762	(29 120)	-	-	-	-	-
177	-	-	4 535	-	-	-	4 535
603	-	(9 591)	670	-	-	-	670
20	11	-	714	-	-	-	714
-	-	-	-	-	-	-	-
12 352	773	(46 741)	27 675	-	-	-	27 675
79 669	4 368	(32 414)	1 396 550	-	(6 880)	6 572	1 396 242
-	-	-	56 806 299	-	-	-	92 615 121
-	-	-	-	-	-	-	-
-	-	-	56 806 299	-	-	-	92 615 121
-	-	-	1 000	-	-	-	937
-	-	-	1 000	-	-	-	937

NOTES AND ASSUMPTIONS:

1. Extracted without adjustment from the historical financial information of Spear for the period from its incorporation (being 18 November 2015) to 29 February 2016 (“**Historical Financial Information**”), as set out in **Annexure 1**. The Historical Financial Information of Spear as at 29 February 2016, was prepared in compliance with IFRS, and was audited by Grant Thornton who issued an unqualified audit opinion on the Historical Financial Information.
2. Spear acquires 100% of the newly-formed Spear Holdco for R1 000 which is settled in cash. Spear Holdco is consolidated into Spear, and the remainder of the transactions take place at the Group level. For the purposes of these notes, the consolidated entity will be referred to as the Spear REIT.
3. Spear REIT acquired the net assets of the Spear Property Trust. The net assets consist of investment property assets with a fair value of R821 332 515 and the directly attributable liabilities of R473 720 000. The purchase consideration of R347 612 615 was settled by issuing 34 636 396 Shares in terms of the Spear Property Acquisition, a section 42 asset for share transaction. A share issue price of R10 has been assumed. The debt has been calculated after taking into account debt capital repayments from current year trading of R2 800 000 from July 2016, and cash on hand in the Spear Property Trust used to reduce the debt by a further R10 000 000.
4. Extracted without adjustment from the statement of financial position of Upper East Side Hotel as at 29 February 2016. The financial statements of Upper East Side Hotel as at 29 February 2016, were prepared in compliance with IFRS, and were audited by Grant Thornton who issued an unqualified audit opinion in respect of such financial statements.
5. Extracted without adjustment from the statement of financial position of Fundamental Holdings as at 29 February 2016. The financial statements of Fundamental Holdings as at 29 February 2016, were prepared in compliance with IFRS, and were audited by Grant Thornton who issued an unqualified audit opinion in respect of such financial statements.
6. Extracted without adjustment from the statement of financial position of Pacivista as at 29 February 2016. The financial statements of Pacivista as at 29 February 2016, were prepared in compliance with IFRS, and were audited by Grant Thornton who issued an unqualified audit opinion in respect of such financial statements.
7. Extracted without adjustment from the statement of financial position of Arrow Investments as at 29 February 2016. The financial statements of Arrow Investments as at 29 February 2016 were prepared in compliance with IFRS, and were audited by Grant Thornton who issued an unqualified audit opinion in respect of such financial statements.
8. Spear REIT acquired 100% of the shares in Upper East Side Hotel, Fundamental Holdings, Pacivista and Arrow Investments from the Spear Property Trust and from the Minority Shareholders. Spear REIT has control over these four companies and therefore consolidates them with effect from 1 November 2016. The purchase for considerations as stated below were settled in Shares as part of a section 42 asset for share transaction.
 - 8.1 Upper East Side Hotel
 - 8.1.1 The Spear Property Trust owed Upper East Side Hotel R20 million. Prior to the acquisition of the shares in Upper East Side Hotel, Spear REIT acquires this loan from Upper East Side Hotel. The acquisition of the loan is not paid in cash, but is payable on loan account.
 - 8.1.2 Spear REIT acquires 100% of the shares in Upper East Side Hotel from the Spear Property Trust for a total purchase consideration of R126 962 000. A portion thereof equal to R106 420 000 is payable for the net asset value of the business of Upper East Side Hotel and a portion equal to R20 542 000 is payable for the debit loan account which will be eliminated on consolidation.
 - 8.1.3 The purchase consideration was settled by Spear REIT by issuing 10 596 637 Shares and extinguishing the loan in the amount of R20 542 000 which was due from the Spear Property Trust.
 - 8.1.4 The balance sheet purchased has been adjusted by eliminating a deferred tax liability of (R28 881 414) with (R28 881 414) being taken to the Revaluation Reserve.
 - 8.1.5 The investment in the subsidiary, the share capital of the subsidiary and the inter-company loans are eliminated on consolidation.
 - 8.1.6 Upper East Side Hotel enters into lease agreement with Multi Rooms Management Proprietary Limited (“**MRM**”), where MRM will assume operation of the hotel and lease of the hotel building from Upper East Side Hotel. This will trigger a change in use of the hotel building and result in it being classified as investment property as defined by IAS40.
 - 8.2 Fundamental Holdings
 - 8.2.1 The Spear REIT purchases loan claims of R18 006 026 and R1 500 137 against Fundamental Holdings from the Spear Property Trust and the Ledo Trust respectively. The Spear REIT purchases 100% of the share capital in Fundamental Holdings for R44 401 000 from the Spear Property Trust and other minorities.
 - 8.2.2 The purchase consideration was settled by Spear issuing 5 825 887 Shares for the shareholding, 912 000 Shares for the loan and 820 000 Shares for the Investec Property Finance profit share.
 - 8.2.3 This purchase price exceeded the NAV by R13 857 526, which resulted in the recognition of goodwill of R13 857 526. The value of goodwill cannot be substantiated due to the assets and liabilities already being carried at fair value and there being no further value to attribute to it. Accordingly such goodwill has been written off.
 - 8.2.4 The sale of shares in Fundamental Holdings gave rise to a trigger event in terms of which Investec Property Finance is entitled to a 15% profit share calculated as the net increase in the property value at the date of sale after deduction of all loans. The liability was ceded to the founders who will place 912 000 Founder Shares with Invited Investors as part of the Founder Placement on the Listing Date and the proceeds of the sale of such Founder Shares, will be used to settle Fundamental Holdings’ liability to Investec Property Finance.
 - 8.2.5 The balance sheet purchased has been adjusted by eliminating a deferred tax liability of (R9 646 395) with R9 646 395 being taken to Retained Income due to the Spear REIT tax rate changing to 0%.
 - 8.2.6 The investment in subsidiary, share capital of the subsidiary and the intercompany loans are eliminated on consolidation.
 - 8.3 Pacivista
 - 8.3.1 The Spear REIT purchases loan claims of R5 577 042, R1 804 782 and R1 469 580 against Pacivista from the Spear Property Trust, the LNP Share Trust and the Normaam Raad Family Trust respectively. The Spear REIT purchases 100% of the share capital in Pacivista for R34 339 000 from the Spear Property Trust and other minorities

- 8.3.2 The purchase consideration has been settled by Spear issuing 3 456 011 Shares for the shareholding and 885 141 Shares for the loan.
- 8.3.3 This purchase price exceeded the NAV by R220 926, which resulted in the recognition of goodwill of R220 926. The value of goodwill cannot be substantiated due to the assets and liabilities already being carried at fair value and there being no further value to attribute to it. Accordingly such goodwill has been written off.
- 8.3.4 The balance sheet purchased has been adjusted by eliminating a deferred tax liability of (R6 404 048) with R6 404 048 being taken to Retained Income due to the Spear REIT tax rate changing to 0%.
- 8.3.5 The investment in subsidiary, share capital of the subsidiary and the intercompany loans are eliminated on consolidation.
- 8.4 Arrow Investments
- 8.4.1 The Spear REIT purchases a loan claim of R762 033 against Arrow Investments from the Spear Property Trust as well as 100% of the share capital in Arrow Investments for R258 640 from the Spear Property Trust and other minorities.
- 8.4.2 The purchase consideration has been settled by Spear issuing 110 346 Shares for the shareholding and 76 203 Shares for the loan.
- 8.4.3 The balance sheet purchased has been adjusted by eliminating a deferred tax asset of R17 984 with (R17 984) being taken to Retained Income due to the Spear REIT tax rate changing to 0%.
- 8.4.4 This purchase price exceeded the NAV by R844 820, which resulted in the recognition of goodwill of R844 820. The value of goodwill cannot be substantiated due to the assets and liabilities already being carried at fair value and there being no further value to attribute to it. Accordingly such goodwill has been written off.
- 8.4.5 The investment in subsidiary, share capital of the subsidiary and the intercompany loans are eliminated on consolidation.
9. Spear will raise R187 500 000 in terms of the Pre-Placement by issuing an aggregate of 23 308 822 Shares (21 250 000 Shares at R8 per Share and 2 058 822 Shares at R8.50 per Share) and raise R112 500 000 by issuing 12 500 000 Shares at R9 per Share in terms of the Private Placement. The total number of Shares issued in terms of the Capital Raisings will be 35 808 822. The proceeds of the Capital Raisings will be applied to reduce debt levels.
10. The estimated total transaction costs are R7 060 000. R488 000 of these costs will be paid by Spear while the balance of R6 572 000 will be paid by the Founders by way of the private placement of 700 000 Shares with Invited Investors on the Listing Date and the proceeds of the sale of such Shares shall be used to settle the liability. The contribution of R6 572 000 by the Founders has been recognised as a credit in equity (being an additional contribution made by an equity shareholder).
11. The estimated total transaction costs have been accounted for as follows:
- 11.1 The estimated transaction costs of R2 750 000, directly attributable to the transaction, have been capitalised to stated capital in accordance with IAS 32: Financial Instruments: Presentation.
- 11.2 The estimated transaction costs of R180 000, directly attributable to the acquisition of the investment properties, have been capitalised to investment properties in accordance with IAS 40 – Investment Property.
- 11.3 The remainder of the transaction fees of R4 130 000, have been recognised as an expense in profit or loss.
12. The Spear Property Trust enters into a section 42 asset for share agreement with Spear in terms of which 52 500 857 Spear Holdco shares will be transferred for the same number of Shares in Spear.
13. The Spear Trust investment property portfolio is recognised at fair value on the date of acquisition.
14. Deferred tax has arisen due to the revaluation of investment properties. Due to Spear's status as a REIT, there will be a change in tax rate to 0%.
15. All adjustments, except for transaction costs, are expected to have a continuing effect.
16. The net asset value per share and net tangible asset value per share figures are calculated based on the assumed number of shares in issue at each stage of acquisition and on the basis that the Spear Trust Acquisition, the Subsidiary Acquisition and capital raise were effected on 29 February 2016.
17. Although the SIT has been set up, no transactions with employees have occurred and nor has Spear sold or issued any Shares to the SIT. The SIT is therefore a blank shell. In light of this, IFRS 2 – Share-based Payment, has not been applied to the incentives that will be given to employees in the future because there is no indication how many Shares or options will be issued to employees nor what the terms of such issues will be. Spear has also not yet assessed whether the SIT will be consolidated as a subsidiary once the incentive scheme is operational.
18. The valuation of the investment properties was obtained from the Independent Property Valuer for the Spear Group portfolio. A total number of 56 806 299 Shares will be issued to finance the transaction.
19. Significant judgements and sources of estimation uncertainty:
- 19.1 In terms of IFRS 3 – Business Combinations, a new entity that is formed to effect a business combination is not necessarily the acquirer. If a new entity is formed to issue equity interests to effect a business combination, one of the combining entities that existed before the business combination shall be identified as the acquirer. Therefore the Spear REIT, as a dormant company that issues shares to acquire the properties, would not be identified as the acquirer.
- 19.2 However, the transactions do not fall into the scope of IFRS 3 as the asset and liabilities acquired do not meet the definition of a business as defined in IFRS 3. This applies to all transactions (i.e. those where the properties were acquired directly as well as those where the shares of a property holding company were acquired).
- 19.3 In light of this IAS 40 – Investment Property, has been applied to recognise the acquisition of the properties.
- 19.4 Significant estimation uncertainty arises in determining the fair values of the investment properties. The disclosure of input variables used to calculate these fair values, can be found in **Annexure 16** and **Annexure 17** to the Pre-listing Statement.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF THE COMPANY

The Directors

Spear REIT Limited

5th Floor
Double Tree by Hilton at the Upper Eastside
31 Brickfield Road
Woodstock
7925

18 October 2016

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF SPEAR REIT LIMITED ("Spear" or the "Company")

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Spear by its directors ("**Directors**"). The *pro forma* financial information as set out in paragraph 13.2 and **Annexure 3** of the pre-listing statement ("**Pre-listing Statement**"), consists of the *pro forma* statement of financial position of Spear and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("**JSE**") Listings Requirements.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the corporate actions, described in the Pre-listing Statement and **Annexure 3** thereto, on the Spear Group's financial position as at 29 February 2016, as if the corporate actions had taken place at 29 February 2016. As part of this process, information about the Spear group's financial position has been extracted by the Directors from the historical financial information of Spear for the period from its incorporation (being 18 November 2015) to 29 February 2016 ("**Historical Financial Information**"), on which an auditor's report was issued on Monday, 31 October 2016.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("**IRBA Code**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Directors' responsibility for the *pro forma* financial information

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 3**.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("**ISAE**") 3420: *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus*. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a Pre-listing Statement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

the related *pro forma* adjustments give appropriate effect to those criteria; and

the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 3**.

Consent

This report on the unaudited *pro forma* financial information is included solely for the information of the Spear shareholders. We consent to the inclusion of our report on the *pro forma* statement of financial position and the references thereto, in the form and context in which they appear.

Grant Thornton Cape Incorporated

Practice number 903485E
Chartered Accountants (SA)
Registered Auditors

Bernard van der Walt

Partner
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INDEPENDENT REPORTING ACCOUNTANTS' REVIEW CONCLUSION ON THE VALUE AND EXISTENCE OF THE ASSETS AND LIABILITIES ACQUIRED BY THE COMPANY

The Directors

Spear REIT Limited

5th Floor
Double Tree by Hilton at the Upper Eastside
31 Brickfield Road
Woodstock
7925
18 October 2016

Dear Sirs

REVIEW CONCLUSION ON THE VALUATION AND EXISTENCE OF THE ASSETS AND LIABILITIES ACQUIRED BY SPEAR REIT LIMITED ("Spear" or the "Company")

Introduction

We have reviewed the assets and liabilities acquired by Spear reflected in the acquisition adjustment column 3, column 4, column 5, column 6 and column 7 of the *pro forma* statement of financial position included in **Annexure 3** of the pre-listing statement to be issued on or about Monday, 31 October 2016 ("**Pre-listing Statement**") relating to the assets and liabilities to be acquired by Spear on listing on the Alternative Exchange of the JSE Limited ("**JSE**"). The directors of Spear ("**Directors**") are responsible for the compilation, contents and preparation of the adjustment columns of the *pro forma* statement of financial position. Our responsibility is to express a review conclusion on the value and existence of the assets and liabilities acquired reflected in the adjustment columns in accordance with the accounting policies adopted by Spear and the recognition and measurement criteria of International Financial Reporting Standards ("**IFRS**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("**IRBA Code**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Directors' responsibility for the *pro forma* statement of financial position

The Directors are responsible for the compilation, contents and preparation of the adjustment columns of the *pro forma* statement of financial position.

Independent reviewer's responsibility

Our responsibility is to express a conclusion regarding the value and existence of the assets and liabilities to be acquired by Spear in accordance with the requirements of section 13.16(e) of the JSE Listings Requirements based on our review. We conducted our review in accordance with the International Standard on Review Engagements ("**ISRE**") 2400: *Engagements to Review Financial Statements*, which is applicable to an engagement of this nature. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial information in respect of which we are required to issue a review conclusion, being the assets and liabilities acquired by Spear reflected in the adjustment columns of the *pro forma* statement of financial position included in **Annexure 3** of the Pre-listing Statement, are not fairly valued, do not exist or are not fairly presented in all material respects in accordance with the accounting policies adopted by Spear and the recognition and measurement criteria of IFRS. This Standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2400 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the financial information in respect of which we are required to issue a review conclusion may be materially misstated. We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the assets and liabilities to be acquired by Spear reflected in the acquisition adjustment columns of the *pro forma* statement of financial position included in **Annexure 3** to the Pre-listing Statement are not fairly valued, do not exist or are not fairly presented, in all material respects, in accordance with the accounting policies adopted by Spear and the recognition and measurement criteria of IFRS and the requirements of the Companies Act of South Africa.

Grant Thornton Cape Incorporated

Practice number 903485E
Chartered Accountants (SA)
Registered Auditors

Bernard van der Walt

Partner
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

FORECAST FINANCIAL INFORMATION OF THE COMPANY

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to this **Annexure 6**.

The forecast financial information for the Spear property portfolio has been prepared for the 4 month period ending 28 February 2017 and the 12 month periods ending 28 February 2018 and 28 February 2019 respectively. The forecast financial information have been prepared on the assumption that the Spear Property Acquisition, the Spear Subsidiary Acquisition and the Spear Subsidiary Minority Acquisition were affected on or about 29 February 2016.

The forecast financial information for the Company, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Directors of Spear, provided that, in this regard, the Directors of Spear and the Independent Reporting Accountants have reviewed the reasonableness of representations and information received from Spear.

The forecast financial information of the Company has been presented in a manner that is consistent with the accounting policies of the Company and in compliance with IFRS.

The forecast financial information as set out below should be read in conjunction with the report of the Independent Reporting Accountants which is included as **Annexure 7** to this Pre-listing Statement.

The Directors of Spear are responsible for the preparation of the forecast financial information.

	4 months ending 28/02/2017	12 months ending 28/02/2018	12 months ending 28/02/2019
Contractual revenue	46 087 304	143 956 566	156 803 348
Recoveries	8 290 647	26 469 043	28 586 566
Straight-line rental income	(2 511 892)	(4 349 608)	(3 136 610)
Other income	1 355 340	4 500 000	4 500 000
Total Revenue	53 221 399	170 576 002	186 753 304
Property operating expenses	(15 205 272)	(46 795 879)	(50 071 590)
Net property related income	38 016 128	123 780 123	136 681 714
Listing costs	(4 130 000)		
Share based payments	(504 333)	(1 513 000)	(1 513 000)
Administrative costs	(3 952 493)	(7 269 349)	(10 206 909)
Operating profit	29 429 302	114 997 774	124 961 805
Finance cost	(16 966 993)	(50 900 980)	(50 900 980)
Net profit	12 462 309	64 096 794	74 060 825
Earnings net profit	12 462 309	64 096 794	74 060 825
Adjusted for:			
Change in fair value of investment properties	-	-	-
Headline earnings	12 462 309	64 096 794	74 060 825
Listing costs recoverable	4 130 000	-	-
Finance costs	504 333	1 513 000	1 513 000
Straight-line rental income	2 511 892	4 349 608	3 136 610
Distributable profit	19 608 534	69 959 402	78 710 436
Distributable dividend	18 523 024	68 560 214	77 136 227
Distribution %	94%	98%	98%
Weighted average number of shares	30 871 707	92 615 121	92 615 121
Diluted average number of shares	30 871 707	92 615 121	92 615 121
Total number of shares at period end	92 615 121	92 615 121	92 615 121
Distribution per share	0.20	0.74	0.83
Basic earnings per share	0.40	0.69	0.80
Headline earnings per share	0.40	0.69	0.80
Fully diluted earnings per share	0.40	0.69	0.80
Diluted headline earnings per share	0.40	0.69	0.80

NOTES AND ASSUMPTIONS:

The profit forecasts have been:

- prepared in accordance with the entities accounting policies and in compliance with IFRS; and
- Management forecasts are based on analysis of historical information, contracts and information provided by MDA property manager (accounting software) and independent valuers.
- The Spear Group will acquire the entire share capital of the following subsidiaries:

Subsidiary name	Assumed acquisition date
Upper East Side Proprietary Limited	1 November 2016
Fundamental Holdings Proprietary Limited	1 November 2016
Pacivista Proprietary Limited	1 November 2016
Arrow Investments 1 Proprietary Limited	1 November 2016

Notes and Assumptions

The forecasts incorporate the following material assumptions in respect of revenue and expenses that can be influenced by the directors:

1. The forecasts for the four month period ending 28 February 2017, the year ending 28 February 2018 and year ending 28 February 2019 respectively are based on information derived from the property manager and historic information.
2. Spear REIT does not plan to acquire or dispose of any properties within the Group's portfolio during the forecast periods.
3. Contracted revenue is based on existing lease agreements and includes stipulated increases, all of which are valid and enforceable.
4. Near contracted rental income (comprising revenue for leases that expire during the forecast periods and that are not covered by rental guarantees) and contractual rental income of total revenue for the four month period ending 28 February 2017, the year ending 28 February 2018 and the year ending 28 February 2019 respectively is set out in the table below.

	Forecast for 4 months ending 28 February 2017	Forecast for year ending 28 February 2018	Forecast for year ending 28 February 2019
% of contractual revenue	93.37	82.71	63.25
% near contracted rental revenue	6.63	17.29	36.75

5. Included in contractual revenue is a rental agreement with Multi Rooms Management ("MRM") that has a fixed and variable component. Fixed rental will be calculated based on 60% of budgeted EBITDAR as agreed between lessor and lessee, and variable rental calculated on 95% of actual EBITDAR less fixed rental. The total rental income forecast is per the table below for the four month period ending 28 February 2017, the year ending 28 February 2018 and the year ending 28 February 2019 respectively. The variable portion of the rental is dependent on the hotel meeting certain EBITDA levels.

	Forecast for 4 months ending 28 February 2017 (R)	Forecast for year ending 28 February 2018 (R)	Forecast for year ending 28 February 2019 (R)
Fixed rental	3 105 869	11 722 911	13 500 906
Variable rental	2 717 635	6 838 365	7 875 529
Total	5 823 505	18 561 276	21 376 435

6. Turnover rental (rental income based on the actual turnover of the tenant) has not been included in the forecast.
7. Current vacancy levels of 1.51% have been projected for all forecast periods going forward.
8. All leases that expire during the forecast period have been projected to be renewed based on an 8% escalated rental, which management believes is a market related rate.
9. Other income consists of the following:

	Forecast for 4 months ending 28 February 2017 (R)	Forecast for year ending 28 February 2018 (R)	Forecast for year ending 28 February 2019 (R)
Development management fee	2 313 340	4 500 000	4 500 000

- 9.1 Property development management fees are earned from contractual agreement between management and Arrow Creek Investments Proprietary Limited (Broadlands), Bantry Hill Proprietary Limited, 23 Main Road Properties Proprietary Limited.

Entity	Frequency	Fee	Period (months)	Forecast for year ending 28 February 2018	Forecast for year ending 28 February 2019
Broadlands Monthly fee	Monthly	250 000	12	3 000 000	3 000 000
Broadlands - rezoning	Stages	–	–	–	1 000 000
Broadlands – profit share	Stages	–	–	–	500 000
Bantry hills	Monthly	60 000	11	660 000	–
Warrick	Monthly	40 000	4	160 000	–
Warrick	Completion	–	–	680 000	–

10. Material items of expenditure included within property expenses are:

Expenditure Item	Forecast for 4 months ending 28 February 2017 (R)	Forecast for year ending 28 February 2018 (R)	Forecast for year ending 28 February 2019 (R)
Depreciation	1 231 434	1 000 000	1 070 000
Cleaning, sanitation and pest costs	776 531	2 374 491	2 540 705
Security	2 097 044	6 446 133	6 897 362
Salary and wages	2 393 000	5 851 385	6 260 982
Repairs and maintenance	1 044 080	3 277 969	3 507 426
Electricity	5 019 348	14 890 884	15 933 246
Rates	2 864 326	9 175 260	9 817 528

11. The following material expenses fluctuated by more than 15% in the forecast period when compared to the actual expenses for the year ending 28 February 2016:
- 11.1 Depreciation: Budgeted to increase due to new properties acquired in year ending February 2016 and improvement required to improve quality of the building and retain tenants. Portion required to be capitalised was deemed immaterial by management and expensed.
- 11.2 Development income increased from the financial year ending 29 February 2016 due to the development income charged relating to Bantry Hills Proprietary Limited from March 2016 for the full financial year ending 28 February 2017.
- 11.3 Due to the acquisition of Sable Square in August 2015 which is the largest property in the portfolio, as well as three other properties being acquired in the 2nd half of financial year ending 28 February 2016 the following expenses increased more than 15% due to increase in usage:
- 11.3.1 cleaning, sanitation and pest control;
- 11.3.2 collection commission;
- 11.3.3 electricity;
- 11.3.4 rates;
- 11.3.5 repairs and maintenance; and
- 11.3.6 security.
- 11.4 Finance cost decreased due to the proceeds from the Capital Raisings being utilised to reduce the debt levels of the Spear Group, as well as the Spear REIT being able to negotiate better interest rates due to the Listing.
- 11.5 Salary and wages: Increased as all property management functions will be internalised. The appointment of a Financial Director to oversee the group. Appointment of staff in relation to properties acquired during the year ended 28 February 2016.
12. No subsequent fair value adjustments to investment properties have been forecast as there is too much uncertain to do so. The valuation were performed in September 2016, and these values have been used in the audited financial statements and *pro forma* forecast information.
13. Expenses related to share based payment have been calculated as the difference between the deemed market price of R9.47 and the price the shares will be issued to directors and staff of R5. The shares will vest over a three year period and expenses have been accounted for based on the vesting period. No adjustment has been made for the time value of money due to this being deemed to be trivial.

14. No expenses related to share based payments for Shares issued to the Ikamva Labantu Empowerment Trust (“**ILE Trust**”) have been calculated as there is no difference between the deemed market price of R9.00 and the price of R9.00 at which the Shares will be issued to the ILE Trust.

The forecasts incorporate the following material assumptions in respect of revenue and expenses that cannot be influenced by the directors:

15. The weighted average interest rate applicable to the debt funding facility is 9.69% for the duration of the forecast. Variable interest rates are assumed to be prime of 10.5% less 1.25% and the prime rate is assumed to increase by 0.25% to 10.75% over the term of the forecasts.
16. There will be no unforeseen economic factors that will affect the lessees’ abilities to meet their commitments in terms of existing lease agreements.
17. Consumption based recoveries are consistent with the (i) historical information provided; (ii) valuator income statements; (iii) property manager forecasts and budgets; and (iv) market related information. Consumption based recoveries consist of electricity, water, rates, refuse and sewerage.
18. A doubtful debt impairment provision of 0.3%, 0.2% and 1.5% of Gross Rentals (contracted and near-contracted) for forecast periods 2017, 2018 and 2019 respectively, has been included in operating costs to account for doubtful debts. The increase from 0.2% to 1.5% is due to management forecasting a recessionary environment in year ending February 2019.
19. Spear plans to distribute 98% of all distributable earning.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE FORECAST FINANCIAL INFORMATION OF THE COMPANY

The Directors

Spear REIT Limited

5th Floor
Double Tree by Hilton at the Upper Eastside
31 Brickfield Road
Woodstock
7925

18 October 2016

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF SPEAR REIT LIMITED ("Spear" or the "Company")

Report on the identified property forecast information

We have undertaken a reasonable assurance engagement in respect of the accompanying property forecast of Spear for the 4 month period ending 28 February 2017, the year ending 28 February 2018 and the year ending 28 February 2019 set out in **Annexure 6** to the pre-listing statement to be issued on or about Monday, 31 October 2016 ("**Pre-listing Statement**"), comprising the forecast statement of profit or loss and other comprehensive income and the vacancy and lease expiry profile of the property portfolio as a whole ("**Forecast Information**"), as required by paragraph 13.15 of the JSE Limited ("**JSE**") Listings Requirements.

We have also undertaken a limited assurance engagement in respect of the assumptions of the directors of Spear ("**Directors**") used to prepare and present the Forecast Information, disclosed in **Annexure 6**, as required by paragraph 13.15 of the JSE Listings Requirements.

Directors' responsibility for the Forecast Information and for the assumptions used to prepare the Forecast Information

The Directors are responsible for the preparation and presentation of the Forecast Information and for the reasonableness of the assumptions used to prepare the Forecast Information as set out in the notes to the Forecast Information in **Annexure 6** in accordance with paragraphs 13.12 to 13.14 of the JSE Listings Requirements (JSE Limited Listings Requirements for forecast information). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Forecast Information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Actual results are likely to be different from the Forecast Information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that this forecast may not be appropriate for purposes other than described in the purpose of the report paragraph below.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance engagement on the reasonableness of the Directors' assumptions

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information in accordance with the JSE Listings Requirements for forecast information, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, The Examination of Prospective Financial Information (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecast Information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the Directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including transaction consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumptions and agreeing or reconciling with underlying records.

Our procedures included evaluating the Directors' best-estimate assumptions, on which the Forecast Information is based, for reasonableness.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecast Information.

Limited assurance conclusion on the reasonableness of the Directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Directors' assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information for the 4 month period ending 28 February 2017, the year ending 28 February 2018 and the year ending 28 February 2019.

Reasonable assurance engagement on the Forecast Information

Reporting accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the Forecast Information is properly prepared and presented on the basis of the Directors' assumptions disclosed in the notes to the Forecast Information (the assumptions) and in accordance with the JSE Listings Requirements for forecast information. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, The Examination of Prospective Financial Information (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such Forecast Information is properly prepared and presented on the basis of the Directors' assumptions disclosed in the notes to the Forecast Information and in accordance with the JSE Listings Requirements for forecast information.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the Forecast Information is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Listings Requirements for forecast information. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the Forecast Information. In making those risk assessments, we considered internal control relevant to Spear's preparation and presentation of the Forecast Information.

Our procedures included:

- inspecting whether the assumptions, barring unforeseen circumstances, are not an unreasonable basis for the preparation of the Forecast Information;
- inspecting whether the Forecast Information is properly compiled and prepared on the basis of the assumptions;
- inspecting whether the Forecast Information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- inspecting whether the Forecast Information is prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the Forecast Information

In our opinion, the Forecast Information is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Listings Requirements for forecast information for the 4 month period ending 28 February 2017, the year ending 28 February 2018 and the year ending 28 February 2019.

Purpose of the report

This report has been prepared for the purpose of satisfying the requirements of paragraph 13.15 of the JSE Listings Requirements and for no other purpose.

Report on other legal and regulatory requirements

In accordance with our responsibilities set out in the JSE Listings Requirements, paragraph 13.15(b), we have performed the procedures set out therein. If, based on the procedures performed, we detect any exceptions; we are required to report those exceptions. We have nothing to report in this regard.

Grant Thornton Cape Incorporated

Practice number 903485E
Chartered Accountants (SA)
Registered Auditors

Bernard van der Walt

Partner
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RELEVANT PROVISIONS OF THE MOI

This **Annexure 8** contains extracts of various provisions of the MOI, as required under the JSE Listings Requirements. In each case, the numbering and wording below matches that of the applicable provisions in the MOI.

For a full appreciation of the provisions of the MOI, Shareholders are referred to the full text of the MOI, which is available for inspection, as provided for in paragraph 25 of the Pre-listing Statement.

EXTRACTS FROM THE MOI OF THE COMPANY

6. ISSUE OF SHARES AND VARIATION OF RIGHTS

6.1 The Company is authorised to issue –

6.1.1 1 000 000 000 (one billion) ordinary Shares, of the same class, each of which ranks *pari passu* (which shall have the meaning ascribed thereto in paragraph 3.29 of the JSE Listings Requirements or any amendments or substitute paragraph in the JSE Listings Requirements) in respect of all rights and entitles the holder to –

6.1.1.1 attend, participate in, speak at and vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in the case of a vote by means of a poll;

6.1.1.2 participate proportionally in any distribution made by the Company and which is not made to the holders of another class of Shares in accordance with the preference and rights of such class of Shares (and except for the payment in lieu of a capitalisation share as contemplated in section 47(1)(c) and any consideration payable by the Company for any of its own Shares or for any shares of another company within the same group as contemplated in paragraph a(iii)(aa) and a(iii)(bb) of the definition of “distribution” in the Act); and

6.1.1.3 receive proportionally the net assets of the Company upon its liquidation;

6.1.2 any other rights attaching to the Shares in terms of the Act or any other law.

6.2 The Board shall not have the power to –

6.2.1 create any class of Shares;

6.2.2 increase or decrease the number of authorised Shares of any class of the Company’s Shares;

6.2.3 consolidate and reduce the number of the Company’s issued and authorised Shares of any class;

6.2.4 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;

6.2.5 convert one class of Shares into one or more other classes, save where a right of conversion attaches to the class of Shares created;

6.2.6 reclassify any classified Shares that have been authorised but not issued;

6.2.7 classify any unclassified Shares that have been authorised but not issued;

6.2.8 vary any preference rights, limitations or other terms attaching to any class of Shares; or

and such powers shall only be capable of being exercised by the Shareholders by way of a Special Resolution adopted by the Shareholders and (to the extent required) an amendment to the Memorandum of Incorporation.

6.3 The Company has the power, subject to the authority of a Special Resolution as contemplated in clause 6.2 to subdivide its Shares of any class. Such subdivision may be effected through a mere splitting of, and consequential increase in, the authorised and issued Shares of the relevant class, and without an issue of new shares and an increase of its capital.

6.4 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share. The variation of any preferences, rights, limitations and other terms associated with any class of Shares as set out in this Memorandum of Incorporation may be enacted only by an amendment of this Memorandum of Incorporation by Special Resolution of the Shareholders. If any amendment of the Memorandum of Incorporation relates to the variation of any preferences, rights, limitation or any other terms attaching to any other class of Shares already in issue, that amendment must not be implemented without a Special Resolution adopted by the holders of Shares of that class at a separate meeting. In such instances, the holders of such Shares will be allowed to vote at the combined general meeting of all Shareholders, subject to clause 22.2. No resolution of Shareholders in respect of such amendment shall be proposed or passed, unless a Special Resolution of the holders of the Shares of that class approve the amendment.

6.5 The authorisation and classification of Shares, the creation of any class of Shares, the conversion of one class of Shares into one or more other classes, the consolidation of Securities, the sub-division of Securities, the change of the name of the Company, the increase of the number of authorised Securities, and the variation of any preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by Special Resolution of the Shareholders and in accordance with the JSE Listings Requirements, to the extent required, save if such an amendment is ordered by a court in terms of sections 16(1)(a) and 16(4) of the Act.

6.6 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied and no such resolution may be proposed to Shareholders for rights to include such variation in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

- 6.7 The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.
- 6.8 The Board may, subject to clauses 6.9 and 6.13, resolve to issue Shares of the Company, Securities convertible into Shares and/or grant options to subscribe for Shares, at any time, but only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation and provided that such transaction(s) has/have been approved by the JSE, if applicable, and comply with the JSE Listings Requirements.
- 6.9 Subject to clauses 6.8 and 6.14, the Board may not issue unissued Shares unless such Shares have first been offered to existing Shareholders of that class of Shares in proportion to their shareholding of that class of Shares (on such terms and in accordance with such procedures as the Board may determine), unless the relevant issue of Shares –
- 6.9.1 is for the acquisition of assets, is a vendor consideration placing related to an acquisition of assets, or is an issue for the purposes of an amalgamation or merger; or
- 6.9.2 is an issue pursuant to options or conversion rights; or
- 6.9.3 is an issue in terms of an approved share incentive scheme; or
- 6.9.4 is an issue of shares for cash (as contemplated in the JSE Listings Requirements), which has been approved by the Shareholders by Ordinary Resolution, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares in accordance with the JSE Listings Requirements, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company or for 15 months from the date of the passing of the Ordinary Resolution, whichever is the earlier and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting; or
- 6.9.5 otherwise falls within a category in respect of which it is not, in terms of the JSE Listings Requirements, a requirement for the relevant Shares to be so offered to existing Shareholders; or
- 6.9.6 is otherwise undertaken in accordance with an authority approved by Shareholders in general meeting, provided that if any entitlement to a fraction of a Share arises pursuant to such an offer, all allocations of securities will be rounded down to the nearest whole number resulting in allocations of whole securities and a cash payment for the fraction (calculated in accordance with the JSE Listings Requirements). After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may, subject to the foregoing provisions and the provisions of the JSE Listings Requirements, issue such Shares in such manner as they consider most beneficial to the Company. The Directors may exclude any Shareholders or category of Shareholders from an offer contemplated in clause 6.9 if and to the extent that they consider it necessary or expedient to do so because of legal impediments or compliance with the laws or the requirements of any regulatory body of any territory, outside of South Africa, that may be applicable to the offer.
- 6.10 Alterations of share capital, authorised shares and rights attaching to a class/es of Shares, all issues of Shares for cash, and all issues of options and convertible securities granted or issued for cash must, in addition, be in accordance with the JSE Listings Requirements.
- 6.11 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must, notwithstanding the provisions of section 40(5), but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Company for the issuance of such Securities.
- 6.12 Subject to sections 40(5) to 40(7) of the Act, when the Company has received the consideration approved by the Board for the issuance of any Shares –
- 6.12.1 those Shares are fully paid up; and
- 6.12.2 the Company must issue those Shares and cause the name of the holder to be entered onto the Company's Securities Register in accordance with sections 49 to 56 of the Act.
- 6.13 Notwithstanding anything to the contrary contained in this Memorandum of Incorporation, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a Series of Integrated Transactions shall, if and to the extent that this may be required in terms of the provisions of section 41(3), require the approval of the Shareholders by Special Resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or Series of Integrated Transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or Series of Integrated Transactions.
- 6.14 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation (as is set out in clause 6.9), no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.
- 6.15 As regards the issue of Shares or Securities convertible into Shares, including options in respect thereof –
- 6.15.1 that require the approval of a Special Resolution as contemplated in sections 41(1) and (3) of the Companies Act or as contemplated in the JSE Listings Requirements, the Directors shall not have the power to allot or issue same without the prior approval of a special resolution;
- 6.15.2 that require the approval of an Ordinary Resolution in terms of the Companies Act or the Listings Requirements, the Directors shall not have the power to allot or issue same, without the prior approval of an Ordinary Resolution;

- 6.15.3 other than as contemplated in clauses 6.15.1 and 6.15.2, the Directors shall have the power to allot or issue same, without any Shareholder approval, provided such issue is made subject to the JSE Listings Requirements, where applicable.

13. DEBT INSTRUMENTS

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments as contemplated in section 43(3) of the Act may be granted, and the authority of the Board in such regard is accordingly limited by this Memorandum of Incorporation.

14. CAPITALISATION SHARES

14.1 The Board shall have the power and authority to –

14.1.1 approve the issuing of any authorised Shares as capitalisation Shares;

14.1.2 issue Shares of one class as capitalisation Shares in respect of Shares of another class; and

14.1.3 resolve to permit Shareholders to elect to receive a cash payment in lieu of a capitalisation Share,

provided that such issue is effected in accordance with the requirements of section 47 of the Act and has been approved by the JSE to the extent required under the JSE Listings Requirements and that the JSE Listings Requirements have otherwise been complied with.

14.2 The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share, as contemplated in clause 14.1.3, unless the Board –

14.2.1 has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and

14.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of such cash distribution.

16. FINANCIAL ASSISTANCE

The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, as set out in (and in accordance with) section 44 of the Act, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

17. ACQUISITION BY THE COMPANY OF ITS OWN SHARES

17.1 Subject to the JSE Listings Requirements, the provisions of the Act, including section 48, and the further provisions of this clause 17 –

17.1.1 the Board may determine that the Company acquire a number of its own Shares; and

17.1.2 the board of any subsidiary of the Company may determine that such subsidiary acquire Shares of the Company, but –

17.1.2.1 not more than 10% (ten percent), in aggregate, of the number of issued Shares of any class may be held by, or for the benefit of, all of the subsidiaries of the Company, taken together; and

17.1.2.2 no voting rights attached to those Shares may be exercised while the Shares are held by that subsidiary and it remains a subsidiary of the Company; and

17.1.2.3 those Shares shall not be entitled to participate in any distribution by the Company.

17.2 Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of section 46 and, accordingly, the Company may not acquire its own Shares unless –

17.2.1 for as long as it is required in terms of the JSE Listings Requirements, the acquisition has been approved by resolution of the Shareholders as required in terms of the JSE Listings Requirements, whether in respect of a particular repurchase or generally approved by Shareholders and unless such acquisition otherwise complies with sections 5.67 to 5.69 of the JSE Listings Requirements (or such other sections as may be applicable from time to time);

17.2.2 the acquisition –

17.2.2.1 is pursuant to an existing legal obligation of the Company, or a court order; or

17.2.2.2 the Board, by resolution, has authorised the acquisition;

17.2.3 it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition; and

17.2.4 the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition.

17.3 A decision of the Board referred to in clause 17.1.1 –

17.3.1 must be approved by a Special Resolution of the Shareholders if any Shares are to be acquired by the Company from a Director or prescribed officer of the Company, or a person related to a Director or prescribed officer of the Company (as contemplated in the Act); and

17.3.2 is subject to the requirements of sections 114 and 115 of the Act if considered alone, or together with other transactions in a Series of Integrated Transactions, it involves the acquisition by the Company of more than 5% (five percent) of the issued Shares of any particular class of the Company's Shares.

17.4 Notwithstanding any other provision of this Memorandum of Incorporation, the Company may not acquire its own Shares, and no subsidiary of the Company may acquire Shares of the Company if, as a result of that acquisition, there would no longer be any Shares of the Company in issue other than –

17.4.1 Shares held by one or more subsidiaries of the Company; or

17.4.2 convertible or redeemable Shares.

26. COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

26.1 Number of Directors

26.1.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by Ordinary Resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.

26.1.2 All Directors shall be elected by an Ordinary Resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

26.2 Election of Directors

26.2.1 In any election of Directors –

26.2.1.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

26.2.1.2 in each vote to fill a vacancy –

26.2.1.2.1 each vote entitled to be exercised may be exercised once; and

26.2.1.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate.

26.2.2 The Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4).

26.3 Eligibility, Resignation and Rotation of Directors

26.3.1 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

26.3.2 Subject to clause 26.3.2.1, no Director shall be appointed for life or for an indefinite period and the non-executive Directors shall rotate in accordance with the following provisions of this clause 26.3.2 –

26.3.2.1 at the first annual general meeting referred to in clause 20.2.1, all Directors shall retire from office, and at each subsequent annual general meeting referred to in clause 20.2.1, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office;

26.3.2.2 the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

26.3.2.3 a retiring Director shall be eligible for re-election;

26.3.2.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 25;

26.3.2.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 20.4.2 to 20.4.5 (inclusive) will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

26.3.3 The Board shall, through its nomination committee if such committee has been constituted in terms of clause 32, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. In addition, the incorporators of the Company, being the Spear Property Trust shall, for as long as they are collectively the beneficial holders of at least 25% (twenty five percent) of the Shares, be entitled to nominate for election at least one fourth of the Directors. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part in the Republic.

26.4 Powers of the Directors

26.4.1 The Board has the power to –

26.4.1.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 26.1.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and

26.4.1.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),

and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 25.3.

26.4.2 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them. Any reference to a power of attorney herein shall include any other form of delegation including the right to sub-delegate.

26.4.3 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

26.4.4 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

26.4.5 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 26.4.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

26.4.6 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 26.4.5, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

26.5 Directors' Interests

26.5.1 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.

26.5.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

26.5.3 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.

26.5.4 Save where the Directors have obtained the prior approval of the JSE to so propose such a resolution, the proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) to permit or ratify an act of the Directors that is inconsistent with any limitation or restriction imposed by this Memorandum of Incorporation or the JSE Listings Requirements, or the authority of the Directors to perform such an act on behalf of the Company, is prohibited.

28. DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE

28.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a Special Resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

- 28.2 Any Director who –
- 28.2.1 serves on any executive or other committee; or
 - 28.2.2 devotes special attention to the business of the Company; or
 - 28.2.3 goes or resides outside South Africa for the purpose of the Company; or
 - 28.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,
- may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.
- 28.3 The Directors may also be paid all their travelling and other expenses properly and necessarily incurred by them in connection with –
- 28.3.1 the business of the Company; and
 - 28.3.2 attending meetings of the Directors or of committees of the Directors of the Company.
- 28.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

29. EXECUTIVE DIRECTORS

- 29.1 The Directors may from time to time appoint a chief executive officer, executive financial Director and such other executive Directors for such term and at such remuneration as they may think fit (subject only to the requirements of section 66(8) and (9), and may revoke such appointment subject to the terms of any agreement entered into in any particular case and it may be made a term of his or her appointment that he or she be paid a pension, gratuity and/or other benefit on his retirement from office.
- 29.2 Subject to the provisions of any contract between himself and the Company, a managing Director shall be subject to the same provisions as to disqualification and removal as the other Directors of the Company.
- 29.3 The Directors may from time to time entrust to and confer upon a managing Director for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

31. BORROWING POWERS

- 31.1 Subject to the provisions of clause 31.2 and the other provisions of this Memorandum of Incorporation, the Directors may from time to time –
- 31.1.1 borrow for the purposes of the Company such sums as they think fit; and
 - 31.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.
- 31.2 The Directors shall procure, but only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can so procure that the borrowings of any subsidiary of the Company from time to time shall not exceed the amount authorised by the Company.

35. DISTRIBUTIONS

- 35.1 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –
- 35.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or
 - 35.1.2 is authorised by resolution of the Board, in compliance with the JSE Listings Requirements,
- provided that if such distribution is a repayment of capital, the Company shall not be entitled to require the subsequent subscription of such amount.
- 35.2 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.
- 35.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.
- 35.4 The Directors may from time to time declare and pay to the Shareholders such interim and final distributions as the Directors consider to be appropriate.
- 35.5 All distributions are to be declared by the Directors in accordance with the provisions of the Act.
- 35.6 All unclaimed monies due to any Shareholder/s shall be held by the Company in trust until claimed, provided that any such money which remains unclaimed for a period of 3 (three) years (or such other period as the law may prescribe for the prescription of a claim) from the date on which they were declared may be declared by the Directors as forfeited for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.

- 35.7 Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to –
- 35.7.1 the holder at his registered address; or
 - 35.7.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or
 - 35.7.3 such person and at such address as the holder or joint holders may in writing direct.
- 35.8 Every such cheque or warrant shall –
- 35.8.1 be made payable to the order of the person to whom it is addressed; and
 - 35.8.2 be sent at the risk of the holder or joint holders.
- 35.9 The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.
- 35.10 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.
- 35.11 When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.
- 35.12 A distribution may also be paid in any other way determined by the Directors including without limitation by means of electronic funds transfer, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.
- 35.13 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part –
- 35.13.1 by the distribution of specific assets; or
 - 35.13.2 by the issue of Shares, debentures or Securities of the Company or securities of any other company; or
 - 35.13.3 in cash; or
 - 35.13.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.
- 35.14 Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.
- 35.15 The Directors may –
- 35.15.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and
 - 35.15.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.
- 35.16 Any distribution must be made payable to Shareholders registered as at a record date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

39. **AMENDMENT OF MEMORANDUM OF INCORPORATION**

- 39.1 Subject to the provisions of clause 6.4, the Act and the JSE Listings Requirements, this Memorandum of Incorporation may only be amended by way of a Special Resolution of the ordinary Shareholders in accordance with section 16(1)(c), except if such amendment is –
- 39.1.1 in compliance with a Court order as contemplated in sections 16(1)(a) and 16(4) of the Act; or
 - 39.1.2 in accordance with clauses 1.9 and 1.10; or
 - 39.1.3 to correct errors substantiated as such from objective evidence or which are self-evident errors (including, but without limitation *eiusdem generis*, spelling, punctuation, reference, grammar or similar defects) in the MOI; or
 - 39.1.4 for complying with any applicable requirements of the Act when debentures and other debt instruments are created and/or issued, which the Board is empowered to do.
- 39.2 The Board shall publish a copy of any correction effected by the Board in accordance with this clause 39 on the Company's website.
- 39.3 An amendment of this Memorandum of Incorporation will take effect from the later of –
- 39.3.1 the date on, and time at, which the Commission accepts the filing of the notice of amendment contemplated in section 16(7); and
 - 39.3.2 the date, if any, set out in the said notice of amendment,
- save in the case of an amendment that changes the name of the Company, which will take effect from the date set out in the amended registration certificate issued by the Commission.

KING III CODE AND CORPORATE GOVERNANCE

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to this **Annexure 9**.

PART A

Spear is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King III Code.

The King III Code recognises that no “one size fits all” approach can be adopted in the application of its principles and that it may not be appropriate for entities to adopt all of its principles, in the context of its particular business and/or operational environment.

A full report is attached in Part B hereof which, to the best of the knowledge and belief of the Board, sets out the extent of the Company’s current application of the principles of the King III Code and explains the non-application of certain of its principles and/or where principles are not fully applied.

The key principles underpinning the corporate governance of the Company and systems of control that form an integral part of corporate governance are set out hereunder.

1. THE BOARD

1.1 Introduction

The Board consists of seven members, of whom four are non-executive Directors (three of whom are also independent) (see **Annexure 11** of the Pre-listing Statement for their profiles). The following changes occurred in the composition of the Board during the most recent financial year ended 29 February 2016, as well as during the period thereafter up to the publication of this Pre-listing Statement:

- Abu Varachhia was appointed as a non-executive Director and the chairman of the Board with effect from 19 April 2016;
- Mike Flax was appointed as an executive Director and chief executive officer with effect from 19 April 2016;
- Quintin Rossi was appointed as the managing Director with effect from 18 November 2015;
- Christiaan Barnard was appointed as the financial Director with effect from 20 July 2016;
- Brian Goldberg was appointed as an independent non-executive Director with effect from 20 July 2016;
- Jalal Allie was appointed as an independent non-executive Director and the lead independent Director with effect from 20 July 2016; and
- Niclas Kjellström-Matseke was appointed as an independent non-executive Director with effect from 30 September 2016.

Spear does not have a nomination committee and the appointment of Directors are considered to be a matter for the Board as a whole with all appointments being made in a formal and transparent manner.

There is a policy evidencing a clear balance of power and authority at Board level, to ensure that no one Director has unfettered powers of decision making.

The key roles and responsibilities of the Board include acting as the focal point for, and custodian of, corporate governance; determining the strategies and strategic objectives of the Group and monitoring the implementation of the Board’s strategies, decisions, values and policies.

Directors disclose their personal financial interests at the start of every Board or committee meeting.

1.2 Composition of the Board

The Board consists of seven members, of whom four are non-executive Directors (three of whom are also independent).

The Company has an appointed chief executive officer and chairman, being, respectively, Mike Flax and Abu Varachhia.

The chairman is not independent for purposes of the King III Code and accordingly the Board has appointed Jalal Allie as the lead independent non-executive Director.

1.3 Expertise and experience of the financial Director

Christiaan Barnard is the financial Director of Spear. The audit committee has considered and satisfied itself of the appropriateness of his expertise and experience.

1.4 Company secretary

All Board members have access to the advice and services of the company secretary which is responsible for the proper administration of the Board and the implementation of sound corporate governance procedures. This includes Board induction and training programmes and the supply of all information to assist Board members in the proper discharge of their duties.

The Board is of the opinion that the company secretary is suitably qualified and experienced to carry out her duties as stipulated under section 84 of the Companies Act.

The Board has reviewed, through discussion and assessment, the qualifications, experience and competence of the company secretary. The Board is satisfied that an arm’s length relationship exists.

2. BOARD COMMITTEES

2.1 Audit committee

The Company's audit and risk committee has the following members:

- Jalal Allie (*chairman of the audit and risk committee*);
- Brian Goldberg; and
- Niclas Kjellström-Matseke,

all of whom are independent non-executive Directors.

The audit committee assists the Board by providing an objective and independent view on the Group's finance, accounting and control mechanisms and by reviewing and ensuring that consideration is given to the following:

- the accounting policies of the Group and any proposed revisions thereto;
- the effectiveness of the Group's information systems and internal controls;
- the appointment and monitoring of the effectiveness of the external auditors;
- the appropriateness, expertise and experience of the financial Director;
- setting the principles for recommending the use of external auditors for non-audit services and recommending that these be kept to a minimum;
- the annual report and specifically the annual financial statements included therein;
- the reports of the external auditors;
- the Group's going concern status; and
- compliance with applicable legislation and requirements of regulatory authorities.

In terms of risk management (through consultation with the external auditors), the committee ensures that management's processes and procedures are adequate to identify, assess, manage and monitor group-wide risks.

This committee will hold at least two meetings per year.

The audit committee has adopted and will be responsible for the implementation of the risk management policy ("**Policy**"), which Policy (i) is in accordance with industry practice; and (ii) specifically prohibits the Company from entering into any derivative transactions that are not in the normal course of the Company's business.

The audit committee will, as a minimum, be responsible for:

- reporting in the annual report each year that they have monitored compliance with the Policy and that the Company has, in all material respects, complied with the Policy during the year concerned;
- reporting to the JSE, in the annual compliance declaration required in terms of in paragraph 13.49(d) of the JSE Listings Requirements, that they have monitored compliance with the policy and that the Company has, in all material respects, complied with the policy during the year concerned.

The Designated Adviser will be invited to, and will attend, all audit committee meetings and will advise the audit committee on the JSE Listings Requirements at least until (i) the first anniversary of the Listing Date; or (ii) the date of the publication of the next annual financial statements of the Company, whichever occurs later. The Designated Adviser will be allowed to attend any audit committee meeting of the Company should it wish to attend same. The Designated Adviser will be an observer at these meetings and not a member.

2.2 Remuneration committee

The remuneration committee consists of the following members:

- Jalal Allie (*chairman of the remuneration committee*);
- Brian Goldberg; and
- Abu Varachhia.

All the Directors serving on the remuneration committee are non-executive Directors and the majority are independent.

The remuneration committee is primarily responsible for reviewing and approving executive Directors' remuneration. Further, the remuneration committee assists the Board in reviewing non-executive Directors' remuneration recommendations. In doing so, it takes cognisance of both local and international best practices to ensure that such total remuneration is fair and reasonable to both the Directors and the Company.

This committee will hold at least one meeting per year.

3. LEGAL AND COMPLIANCE

The Board recognises its responsibility to ensure that Spear complies with all applicable laws and considers adherence to all industry charters, codes and standards.

The risk and internal audit function manages the process of compliance and is monitored by the audit committee.

During the past financial year no instances of material non-compliance were noted and no judgements, damages, penalties or fines were recorded or levied against Spear, its Directors or employees for noncompliance with any legislation.

4. REMUNERATION REPORT

Spear's remuneration approach is aimed at remunerating Directors, executives and employees fairly and responsibly. This approach takes cognisance of local and international remuneration best practices to ensure that the Company attracts and retains appropriate skills and talent.

Remuneration is governed by the remuneration committee, which is mandated by and reports to the Board, and which oversees the setting and administration of remuneration.

Fees payable to Directors are recommended by the Board to the Shareholders at annual general meetings for approval.

5. IT GOVERNANCE REPORT

The majority of the IT functions of the Group are outsourced to external service providers. The risks regarding the security, back-up, conversion and update of the information technology systems are continually assessed and addressed by the Board. Disaster recovery plans are regularly reviewed as disruptions to critical management information could have an impact on continuing operations.

PART B – APPLICATION OF PRINCIPLES IN THE KING III CODE

Preamble

Spear is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King III Code. It therefore strives to meet those objectives in accordance with the content of the table below.

Key – Level of compliance:

Applied ✓

Partially applied ★

Not applicable X

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
1.	Ethical leadership and corporate citizenship		
1.1	The board should provide effective leadership based on an ethical foundation	✓	The Board provides effective leadership.
1.2	The board should ensure that the company is, and is seen to be, a responsible corporate citizen	✓	The Board ensures that the Company is and is seen to be a good corporate citizen.
1.3	The board should ensure that the company's ethics are managed effectively	✓	The Board ensures that the Company's ethics are managed effectively.
2.	Board and Directors		
2.1	The board should act as the focal point for and custodian of corporate governance	✓	The Board acts as the focal point for and custodian of corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓	The Board appreciates that strategy, risk, performance and sustainability are inseparable.
2.3	The board should provide effective leadership based on an ethical foundation	✓	The Board provides effective leadership based on an ethical foundation.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	✓	The Board ensures that the Company is and is seen to be a responsible corporate citizen.
2.5	The board should ensure that the company's ethics are managed effectively	✓	The Board ensures that the Company's ethics are managed effectively.
2.6	The board should ensure that the company has an effective and independent audit committee	✓	The Board ensures that the Company has an effective and independent audit committee.
2.7	The board should be responsible for the governance of risk	✓	The Board is responsible for the governance of risk.
2.8	The board should be responsible for information technology (IT) governance	✓	The Board is responsible for information technology (IT) governance.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	The Board ensures that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.
2.10	The board should ensure that there is an effective risk-based internal audit	✓	The Board ensures that there is an effective risk-based internal audit.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	✓	The Board appreciates that stakeholders' perceptions affect the Company's reputation.
2.12	The board should ensure the integrity of the company's integrated report	✓	The Board will ensure the integrity of the Company's integrated report when same is published.
2.13	The board should report on the effectiveness of the company's system of internal controls	✓	The Board reports on the effectiveness of the Company's system of internal controls.
2.14	The board and its directors should act in the best interests of the company	✓	The Board and its Directors act in the best interests of the Company.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	✓	The Board will consider business rescue proceedings or other turnaround mechanisms should the Company ever be financially distressed as defined in the Act.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The chief executive officer of the company should not also fulfil the role of chairman of the board	✓	The Board has elected a chairman, Abu Varachhia, who is a non-executive Director. As the chairman is not independent, the Board has appointed a lead independent non-executive Director, Jalal Allie. The chief executive officer of the Company, Mike Flax, does not fulfil the role of chairman of the Board.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	✓	The Board has appointed a chief executive officer, Mike Flax, and has established a framework for the delegation of authority.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✓	The Board comprises a balance of power, with a majority of non-executive Directors. The majority of non-executive Directors are independent.
2.19	Directors should be appointed through a formal process	✓	Directors are appointed through a formal process.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	✓	The induction of and ongoing training and development of Directors is conducted through formal processes.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	✓	The Board should be assisted by a competent, suitably qualified and experienced company secretary.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	✓	An evaluation of the Board, its committees and the individual Directors will be performed every year.
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities	✓	The Board delegates certain functions to well-structured committees without abdicating its own responsibilities.
2.24	A governance framework should be agreed between the group and its subsidiary boards	✓	A governance framework is agreed between the Board and its subsidiary boards.
2.25	Companies should remunerate directors and executives fairly and responsibly	✓	The Company will remunerate its Directors and executives fairly and responsibly.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	✓	The Company will disclose the remuneration of each individual Director and certain senior executives.
2.27	Shareholders should approve the company's remuneration policy	✓	Shareholders will approve the Company's remuneration policy.
3.	Audit Committees		
3.1	The board should ensure that the company has an effective and independent audit committee	✓	The Board ensures that the Company has an effective and independent audit committee.
3.2	Audit committee members should be suitably skilled and experienced independent, non-executive directors (subsidiary exemption)	✓	Audit committee members are suitably skilled and experienced independent, non-executive Directors (subsidiary exemption).
3.3	The audit committee should be chaired by an independent non-executive director	✓	The audit committee is chaired by an independent non-executive Director
3.4	The audit committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information) The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents	✓	The audit committee oversees the integrated reporting (integrated reporting, financial, sustainability and summarised information). The audit committee will be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report when same is published. The audit committee's review of the financial reports will encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✓	The audit committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	✓	The audit committee satisfies itself of the expertise, resources and experience of the Company's finance function.
3.7	The audit committee should be responsible for overseeing of internal audit	✓	The audit committee is responsible for overseeing of internal audit.
3.8	The audit committee should be an integral component of the risk management process	✓	The audit committee is an integral component of the risk management process.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	✓	The audit committee reports to the Board and shareholders on how it has discharged its duties.
4.	The governance of risk		
4.1	The board should be responsible for the governance of risk	✓	The Board is responsible for the governance of risk.
4.2	The board should determine the levels of risk tolerance	✓	The Board determines the levels of risk tolerance.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✓	The audit committee assists the Board in carrying out its risk responsibilities.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✓	The Board delegates to management the responsibility to design, implement and monitor the risk management plan.
4.5	The board should ensure that risk assessments are performed on a continual basis	✓	The Board ensures that risk assessments are performed on a continual basis.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓	The Board ensures that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.
4.7	The board should ensure that management considers and implements appropriate risk responses	✓	The Board ensures that management considers and implements appropriate risk responses.
4.8	The board should ensure continual risk monitoring by management	✓	The Board ensures continual risk monitoring by management.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	✓	The Board receives assurance regarding the effectiveness of the risk management process.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✓	The Board ensures that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.
5.	The governance of Information Technology		
5.1	The board should be responsible for information technology (IT) governance	✓	The Board is responsible for information technology (IT) governance.
5.2	IT should be aligned with the performance and sustainability objectives of the company	✓	IT should be aligned with the performance and sustainability objectives of the Company.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	✓	The Board delegates to management the responsibility for the implementation of an IT governance framework.
5.4	The board should monitor and evaluate significant IT investments and expenditure	✓	The Board monitors and evaluates significant IT investments and expenditure.
5.5	IT should form an integral part of the company's risk management	✓	IT forms an integral part of the Company's risk management.
5.6	The board should ensure that information assets are managed effectively	✓	The Board ensures that information assets are managed effectively.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	✓	A risk committee and audit committee assists the Board in carrying out its IT responsibilities.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
6.	Compliance with laws, codes, rules and standards		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	✓	The Board ensures that the Company complies with applicable laws and considers adherence to nonbinding rules, codes and standards.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	✓	The Board and each individual Director has a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business.
6.3	Compliance risk should form an integral part of the company's risk management process	✓	Compliance risk forms an integral part of the Company's risk management process.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	✓	The Board delegates to management the implementation of an effective compliance framework and processes.
7.	Internal Audit		
7.1	The board should ensure that there is an effective risk-based internal audit	✓	The Board ensures that there is an effective risk-based internal audit.
7.2	Internal audit should follow a risk-based approach to its plan	✓	Internal audit follows a risk-based approach to its plan.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	✓	Internal audit will provide a written assessment of the effectiveness of the Company's system of internal control and risk management.
7.4	The audit committee should be responsible for overseeing internal audit	✓	The audit committee is responsible for overseeing internal audit.
7.5	Internal audit should be strategically positioned to achieve its objectives	✓	Internal audit is strategically positioned to achieve its objectives.
8.	Governing stakeholder relationships		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	✓	The Board appreciates that stakeholders' perceptions affect a Company's reputation.
8.2	The board should delegate to management to proactively deal with stakeholder relationships	✓	The Board delegates to management to proactively deal with stakeholder relationships.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	✓	The Board strives to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company.
8.4	Companies should ensure the equitable treatment of shareholders	✓	The Company ensures the equitable treatment of shareholders.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	✓	The Board ensures that disputes are resolved as effectively, efficiently and expeditiously as possible.
9.	Integrated Reporting and disclosure		
9.1	The board should ensure the integrity of the company's integrated report	✓	The Board will ensure the integrity of the Company's integrated report when same is published.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	✓	Sustainability reporting and disclosure is integrated with the Company's financial reporting.
9.3	Sustainability reporting and disclosure should be independently assured	✓	Sustainability reporting and disclosure is independently assured.

SALIENT TERMS OF THE SPEAR SIT

This **Annexure 10** contains extracts of various provisions from the Spear SIT Deed. In each case, the numbering and wording below matches that of the applicable provisions in the Spear SIT Deed. For a full appreciation of the provisions of the Spear SIT Deed, Shareholders are referred to the full text of the Spear SIT Deed, which is available for inspection, as provided for in paragraph 25 of the Pre-listing Statement.

3. PURPOSE

The purpose of the Scheme is to align the interests of the Group's Employees with those of the Shareholders of the Company by providing such persons an opportunity to acquire Shares in the Company.

9. FIRST TRUSTEES

The First Trustees accept their appointment as Trustees.

10. NUMBER OF TRUSTEES

There must always be so many Trustees as the Company shall determine.

11. APPOINTMENT OF TRUSTEES

The Company shall appoint all Trustees, and remove from office all Trustees on written notice to the Trust. The Company is not entitled to appoint an executive Director or a Participant as a Trustee.

12. DISQUALIFICATION OF TRUSTEES AND END OF OFFICE

12.1 A Trustee shall not be appointed as Trustee if he is disqualified to act as a director of a company incorporated under the Companies Act.

12.2 A Trustee in office shall stop holding that office if he –

12.2.1 resigns on prior written notice to the remaining Trustees;

12.2.2 is disqualified to act as a director of a company incorporated under the Companies Act;

12.2.3 is removed from office by the Company; or

12.2.4 dies.

13. DUTIES OF TRUSTEES

The Trustees must –

13.1 keep proper accounting and other records of all transactions concluded by them;

13.2 keep proper minutes of all their meetings and decisions;

13.3 deposit all monies not invested by them in a bank account in the name of the Trust;

13.4 identify all assets of the Trust as the property of the Trust;

13.5 keep all assets of the Trust separate from their assets;

13.6 perform the duties imposed on them in other places in this Trust Deed; and

13.7 enforce, and comply with the Rules.

14. POWERS OF TRUSTEES

The Trustees have all the powers to achieve the Object including the powers, as they see fit –

14.1 to receive grants;

14.2 to open and operate accounts with banks in the name of the Trust;

14.3 to draw and issue negotiable instruments and similar financial instruments;

14.4 to invest in assets, and acquire assets by way of purchase, exchange, donation or otherwise;

14.5 to invest the Trust assets;

14.6 to borrow money;

14.7 to mortgage, pledge, cede in security, hypothecate or otherwise encumber any Trust assets;

14.8 to lend money;

14.9 to sell, exchange, or otherwise alienate any of the Trust assets;

14.10 to pay any expenses in connection with the Trust from the Trust assets;

14.11 to perform any act and execute any documents required by a public office;

- 14.12 to institute and defend legal proceedings;
- 14.13 to attend all meetings of creditors of any person indebted to the Trust;
- 14.14 to exercise the voting and other rights attaching to any Trust assets;
- 14.15 to exercise, take up and/or realise any rights of conversion or subscription attaching to any Trust assets;
- 14.16 to engage the services of professionals and employees;
- 14.17 to dispose of Shares held by the Trust once the employment of a Participant has been terminated or a Participant is deceased or on behalf of a Participant once rights of ownership have vested;
- 14.18 to determine whether any money or assets of the Trust are of a capital or income nature; and
- 14.19 to exercise all the powers of a natural person of full legal capacity for the purposes of giving effect to this Trust Deed and the Scheme, excluding only such powers which, by their nature, can be exercised by a natural person only.

15. MEETINGS OF TRUSTEES

- 15.1 The Trustees must meet at least once in each Year.
- 15.2 The Trustees shall regulate their meetings as they see fit.
- 15.3 All matters shall be decided by a majority of votes.
- 15.4 Each Trustee shall have one vote.
- 15.5 A majority of the Trustees shall constitute a quorum.
- 15.6 A Trustee may, on reasonable prior written notice to the other Trustees, call a meeting.
- 15.7 A resolution in writing signed by all the Trustees shall be as effective as if it had been passed at a meeting of the Trustees duly called and constituted, even if the resolution is contained in different documents.
- 15.8 The Trustees may attend meetings by electronic equipment, provided they can all at least hear each other.

18. REMUNERATION OF TRUSTEES

- 18.1 Any Trustee in a profession or business may render professional services to the Trust and may charge for services rendered to the Trust at his or her usual rates.
- 18.2 If a Trustee has any interest, directly or indirectly, in any agreement to be concluded with the Trust, then the Trustee must declare his or her interest to the other Trustees and the Trustee may not vote on any matter relating to that agreement.
- 18.3 The Trust may pay remuneration to the Trustees.

PART III – SHARE PURCHASE SCHEME

22. ELIGIBILITY

- 22.1 An Employee shall be eligible to, and shall, participate in the share Purchase Scheme only if, and to the extent that, Purchase Offers are made to, and are accepted by, either an Employee or a Qualifying Juristic Person of such Employee.
- 22.2 The Directors, in their sole Discretion, but subject to the provisions of the Statutes and of the provisions of this Trust Deed (including clause 24.1 and clause 25.1) may, from time to time, by resolution, instruct the Trustees to offer Shares and grant credit to Purchase Offerees, provided that such offers have been approved by the Company's remuneration committee.

23. SHARES AVAILABLE FOR THE PURCHASE SCHEME

- 23.1 Subject to clause 23.2, the aggregate maximum number of Shares –
 - 23.1.1 which may be utilised in terms of the Purchase Scheme, together with the number of Shares used in terms of the Option Scheme, shall not in aggregate exceed the Scheme Allocation; and
 - 23.1.2 in respect whereof any one Purchase Offeree shall be entitled to accept an offer pursuant to the Purchase Scheme shall not exceed 3 950 000 Shares in the Company.
- 23.2 The Directors may determine that the pricing and the limits in clause 2.1.38 and clause 23.1.1 shall be adjusted in such manner as the Auditors certify to be in their opinion fair and reasonable as a result of sub-division or consolidation of Shares.
- 23.3 The Directors may determine that the pricing and the limits in clause 2.1.38 and clause 23.1.2 shall be adjusted in such manner as the Auditors certify to be in their opinion fair and reasonable as a result of any (i) issue of additional Shares by way of a capitalisation of the Company's profits and/or reserves (including the share premium account and the capital redemption reserve fund); (ii) Rights Issue; or (iii) special dividend.
- 23.4 Any adjustment in terms of clause 23.2 or clause 23.3 should give a Purchase Offeree entitlement to the same proportion of Shares as that to which he was entitled before the event in clause 23.2 or clause 23.3 which gave rise to the adjustment.
- 23.5 Upon finalisation of the adjustment in terms of clause 23.2 or clause 23.3, the Auditors shall confirm to the JSE, in writing, that such adjustment was made in accordance with the terms of the Scheme.

23.6 In the determination of the number of Shares which may be acquired by Purchase Scheme Participants in terms of clause 23.1, shares purchased through the JSE or off-market shall not be taken into account. The rolling over of shares (which refers to the arrangement whereby Purchase Scheme Shares which have already been issued to Purchase Scheme Participants in terms of the Scheme subsequently revert back and are again included in the number referred to in clause 23.1.1) is prohibited. However any Purchase Scheme Share that is allocated to a Participant, but not issued to him or her will revert back to the Scheme and be included in the number referred to in clause 23.1.1.

23.7 The backdating of Purchase Scheme Shares is prohibited.

24. PURCHASE SCHEME

24.1 The Directors may from time to time offer Shares to Employees or Qualifying Juristic Persons of Employees for subscription or purchase in terms of a Purchase Offer at the Purchase Price. The Directors may authorise the Trustees to purchase shares through the JSE or off-market in order to satisfy obligations in terms of the Purchase Scheme. Shares may only be purchased after they have been allocated to Participants.

24.2 Those Shares referred to in clause 24.1 shall be sold or allotted and issued subject to the provisions of this Trust Deed and each such sale or allotment shall, without limiting the generality of the foregoing, be upon the following terms, namely that –

24.2.1 the full Purchase Price due to the Trust or the Funder Company by a Participant on account of his or her accepting an offer shall be paid as provided in clause 27; and

24.2.2 they will constitute Purchase Scheme Shares.

24.3 Provided that the Directors comply with section 44 and 45 of the Companies Act (to the extent applicable), the Directors shall be entitled to procure that the Trust or the Funder Company, or any Subsidiary of the Company, extend credit to a Purchase Offeree to enable such Purchase Scheme Participant to acquire or subscribe for Purchase Scheme Shares to be held by such Purchase Scheme Participant as owner and the terms of credit shall be as reflected in clause 27.1, the provisions of which shall apply *mutatis mutandis*. Such credit may be repaid at any time by the Employee but not later than 10 (ten) years from the date of the extending of the credit.

25. OFFERS

25.1 A Purchase Offer –

25.1.1 shall be made at the Purchase Price determined as at the Purchase Offer Date;

25.1.2 shall specify –

25.1.2.1 the name of the Purchase Offeree;

25.1.2.2 the number of Shares offered;

25.1.2.3 the Purchase Price payable in respect of such Purchase Scheme Shares (the amount of credit granted under each offer shall be separately recorded as a share debt);

25.1.2.4 the Purchase Offer Date;

25.1.2.5 the time period within which a Purchase Offer shall be accepted which shall be no later than 14 (fourteen) days after it is actually made or granted; and

25.1.2.6 any other relevant terms and conditions;

25.1.3 shall be personal to and only accepted by the Purchase Offeree to whom it is addressed, subject to clause 25.3;

25.1.4 may be accepted in part or in full;

25.1.5 shall, unless otherwise specified in it, be accepted by notice in writing in such form as the Directors may stipulate and such notice shall be delivered to the Secretary within 14 (fourteen) days after it is made, failing which the Purchase Scheme Shares which are the subject of the Purchase Offer shall revert back to the Scheme. Each acceptance of a Purchase Offer shall –

25.1.5.1 specify the number of Shares in respect of which the Purchase Offer is accepted;

25.1.5.2 be regarded as complete upon the Company's receipt of the acceptance of the Purchase Offer in writing within the period specified in the offer;

25.1.5.3 be in terms of and be subject to and governed by the provisions of this Trust Deed;

25.1.5.4 specify an address for purposes of clause 47;

25.1.6 shall be governed by the provisions of this Trust Deed and the Rules and shall, without limiting the generality of the foregoing, be subject to clause 27 and the following provisions, namely, that until the Specific Purchase Scheme Share Debt has been paid to the Trust or the Funder Company in respect of the corresponding tranche of Purchase Scheme Shares (which for purposes of this clause 25.1.6 shall include the Rights Issue Shares and Capitalisation Shares linked thereto) –

25.1.6.1 ownership in such Purchase Scheme Shares shall Vest in the relevant Purchase Scheme Participants but such Purchase Scheme Share/s shall be pledged to the Trust or Funder Company as required in terms of clause 25.1.6.3 and accordingly may not in any way be mortgaged, pledged or otherwise encumbered, unless the Board in its Discretion consents thereto in writing;

- 25.1.6.2 the Purchase Scheme Participant shall be entitled to all dividends and other distributions (including distributions *in specie*) made on such Purchase Scheme Shares subject to clause 27.2;
 - 25.1.6.3 such Purchase Scheme Shares shall be pledged to the Trust or Funder Company as security for the payment of the Specific Purchase Scheme Share Debt payable by such Purchase Scheme Participant to the Trust or Funder Company in respect of such Purchase Scheme Shares, subject to release from such pledge in terms of clause 25.1.6.5;
 - 25.1.6.4 those Purchase Scheme Shares may be freely sold or transferred by the Purchase Scheme Participant, provided that the Purchase Scheme Participant is obliged to utilise such portion of the proceeds of such sale or transfer as may be required to firstly settle the Specific Purchase Scheme Share Debt in respect of such sold or transferred Shares;
 - 25.1.6.5 as and when repayment of the Specific Purchase Scheme Share Debt in whole or in part occurs by virtue of early repayment by the Purchase Scheme Participant, the Purchase Scheme Participant shall be entitled to the release of a pro rata number of Purchase Scheme Shares in respect of such Specific Purchase Scheme Share Debt from the pledge;
 - 25.1.6.6 the Purchase Scheme Participant is required to extinguish the oldest Specific Purchase Scheme Share Debt in its entirety prior to being able to effect repayment of any later Specific Purchase Scheme Share Debt, provided that the Board or Trustees may allow the repayment of any Specific Purchase Scheme Share Debt other than the oldest Specific Purchase Scheme Share Debt;
 - 25.1.6.7 the Purchase Scheme Shares and Rights Issue Shares and Capitalisation Shares linked thereto may be re-acquired in terms of clause 28;
 - 25.1.6.8 the voting rights attaching to all Purchase Scheme Shares owned by Participants in terms of this Scheme and all Rights Issue Shares and Capitalisation Shares linked thereto shall at all times vest in the Participants and be exercised by the Participants; and
 - 25.1.6.9 on a winding-up of the Company, the proceeds payable in respect of the Purchase Scheme Shares shall first be applied in discharging the amount due to the Funder Company.
- 25.2 Notwithstanding anything to the contrary herein the risk in and benefits attaching to the Purchase Scheme Shares will pass to the Purchase Scheme Participant on the acceptance of a Purchase Offer.
- 25.3 A Purchase Scheme Participant may on-sell his or her Purchase Scheme Shares, whether prior to or after registration of the Purchase Scheme Shares into the name of such Participant, to another Qualifying Juristic Person, provided that –
- 25.3.1 any such trust, company or close corporation agrees in writing to be bound by the provisions of this Trust Deed and the Rules (including, without limitation, being jointly and severally liable with the Purchase Scheme Participant for the payment of any Purchase Scheme Share Debt) as though it were the Purchase Scheme Participant, *mutatis mutandis*;
 - 25.3.2 the relevant Purchase Scheme Participant furnishes a suretyship or guarantee, in favour of the Funder Company to the satisfaction of the Directors for the obligations of the Qualifying Juristic Person concerned;
 - 25.3.3 for so long as the Purchase Scheme Shares are subject to the pledge and security provisions contained in clause 25.1.6.3, such Qualifying Juristic Person must remain a Qualifying Juristic Person and, if there is a breach of the provisions of this clause 25.3.3, then, on the date of such breach coming to the knowledge of the Company or the Trustees (the “**termination date**”) the following provisions shall apply in respect of those of the Purchase Scheme Participant’s Purchase Scheme Shares which have Purchase Scheme Share Debt outstanding in respect thereof on the termination date –
 - 25.3.3.1 the Purchase Scheme Share Debt outstanding in respect of such Purchase Scheme Shares shall become payable immediately after the termination date; and
 - 25.3.3.2 as soon as the Purchase Scheme Share Debt has been paid in full, those Shares shall immediately be released from pledge or other security provided for in clause 25.1.6.3,
- provided that if the Purchase Scheme Share Debt is not repaid in accordance with the above then the Company or the Trust may, by resolution to that effect, purchase and/or procure the sale of all of the Purchase Scheme Shares of that Purchase Scheme Participant at the then market value and the provisions of clause 9 shall apply, *mutatis mutandis*, as if contained herein.

26. FUNDING OF PURCHASE SCHEME SHARES

The costs of acquiring or issuing Purchase Scheme Shares and making a loan to the Trust or a Participant as contemplated in clause 24.3, and acquiring or issuing Purchase Scheme Shares shall, at the Discretion of the Directors, be borne by the Trust, the Company or a Subsidiary of the Company. To the extent applicable the Company or a Subsidiary of the Company shall make loan funding available to the Trust for this purpose.

PART IV – OPTION SCHEME

31. ELIGIBILITY

An Employee shall be eligible to and shall participate in the Option Scheme only if and to the extent that Option Offers are made to and are accepted by such Employee.

32. SHARES AVAILABLE FOR THE OPTION SCHEME

The aggregate maximum number of Shares –

- 32.1 which may be utilised in terms of the Option Scheme, together with the number of Shares used in terms of the Purchase Scheme, shall not in aggregate exceed the Scheme Allocation; and
- 32.2 in respect whereof any one Option Offeree shall be entitled to accept an offer pursuant to the Option Scheme shall not exceed 3 950 000 Shares in the Company.
- 32.3 The provisions of clauses 23.2, 23.3, 23.5 and 23.6 shall apply *mutatis mutandis* to this clause 32.
- 32.4 Provided that the Directors comply with section 44 and 45 of the Companies Act (to the extent applicable), the Directors shall be entitled to procure that the Trust or the Funder Company, or any Subsidiary of the Company, extends credit to an Option Offeree to enable such Option Scheme Participant to acquire or subscribe for Option Scheme Shares to be held by such Option Scheme Participant as owner and the terms of credit shall be as reflected in clause 27.1, the provisions of which shall apply *mutatis mutandis*. Such credit may be repaid at any time by the Employee but not later than 10 (ten) years from the date of the extending of the credit.

33. OFFER

- 33.1 The Board may, in its sole and absolute Discretion, from time to time resolve to instruct the Trustees to make an Option Offer to Employees on the terms and conditions set out in this Trust Deed, provided that such Option Offers have been approved by the Company's remuneration committee. The Directors may authorise the Trustees to purchase shares through the JSE or off-market in order to satisfy obligations in terms of the Option Scheme. Shares may only be purchased after they have been allocated to Participants.
- 33.2 On Exercise, Option Scheme Shares shall be sold or issued by the Trust or the Company to Option Scheme Participants.
- 33.3 An Option Offer –
 - 33.3.1 shall be made at the Purchase Price determined as at the Option Date;
 - 33.3.2 shall specify –
 - 33.3.2.1 the name of the Option Offeree;
 - 33.3.2.2 the number of Option Scheme Shares offered;
 - 33.3.2.3 the Option Date;
 - 33.3.2.4 the Vesting Dates;
 - 33.3.2.5 the Purchase Price;
 - 33.3.2.6 the time period within which the Option Offer shall be accepted which shall be no later than 14 (fourteen) days after the Option Date; and
 - 33.3.2.7 any other relevant terms and conditions,and clause 25.1.6 shall apply *mutatis mutandis*.
- 33.4 Acceptance by an Employee of an Option Offer shall be communicated to the Board by not later than 14 (fourteen) days after the Option Date. An Option Offer which is not accepted by an Employee as aforesaid shall automatically be deemed to have been cancelled, and the Option Scheme Shares which are the subject of the Option Offer shall revert back to the Scheme, provided that the Board shall be entitled to extend or re-instate such offer by written notice to the Participant.
- 33.5 Subject to rights accruing on the death of an Option Scheme Participant and clause 33.10, an Option is personal to an Option Scheme Participant and shall not be capable of being ceded, assigned, transferred or otherwise disposed of or encumbered by an Option Scheme Participant.
- 33.6 There shall be no consideration payable for an Option at the time of the Option Offer.
- 33.7 An Option Scheme Participant shall not be entitled to any dividends (or other distributions made) and shall have no right to vote in respect of Shares forming part of an Option, unless and until the Shares under the Option are Exercised and are Settled to the Option Scheme Participant in accordance with the provisions of this Scheme.
- 33.8 For the sake of clarity and the avoidance of any doubt, it is recorded that until the Settlement of Option Shares to an Option Scheme Participant, such Option Scheme Participant shall not –
 - 33.8.1 have any ownership interest in; or
 - 33.8.2 receive any dividends and/or exercise any voting rights attached to; or
 - 33.8.3 have acquired,such Option Scheme Shares, or be entitled to the proceeds from any sale of the Option Scheme Shares.

- 33.9 An Option may be cancelled at any time after the date of acceptance thereof if the Board and the Participant so agree in writing.
- 33.10 The Board and the Option Scheme Participants may by agreement in writing amend the terms and conditions of any Option Offer subject to any limitations in this Trust Deed, including clause 45 and Schedule 14 of the JSE Listings Requirements.
- 33.11 An Option Scheme Participant may, with the prior written consent of the Board, and subject to such conditions as the Board may in its Discretion determine, cede, assign or transfer the Participant's rights in and to an Option to a Qualifying Juristic Person. The clauses of the Scheme will in such event apply equally to the Qualifying Juristic Person. Without derogating from the generality of the foregoing, the Board may impose a condition that the Participant bind himself or herself as surety for, and co-principal debtor *in solidum* with, the Qualifying Juristic Person for the fulfilment of its obligations in terms of this Scheme.

34. VESTING OF OPTIONS

- 34.1 Vesting of Options shall occur as follows –
- 34.1.1 one quarter of the total number of Options as set out in an Option Letter in terms of clause 33.3.2.2 shall Vest on the second anniversary of the Option Date in respect of such Options;
- 34.1.2 a further one quarter of the total number of Options as set out in an Option Letter in terms of clause 33.3.2.2 shall Vest on the third anniversary of the Option Date in respect of such Options;
- 34.1.3 a further one quarter of the total number of Options as set out in an Option Letter in terms of clause 33.3.2.2 shall Vest on the fourth anniversary of the Option Date in respect of such Options; and
- 34.1.4 the remaining one quarter of the total number of Options as set out in an Option Letter in terms of clause 33.3.2.2 shall Vest on the fifth anniversary of the Option Date in respect of such Options.
- 34.2 The Vesting of Options is conditional on the Option Scheme Participants being employed by the Group by the relevant Vesting Dates in clause 34.1.
- 34.3 Notwithstanding clause 34.1, the Participant shall pay in such manner as the Board may from time to time prescribe any amount in respect of any deduction on account of Tax as may be required by Applicable Laws which may arise on the Vesting of the Participant's Option Scheme Shares.

35. EXERCISE AND SETTLEMENT OF VESTED OPTIONS

- 35.1 An Option Scheme Participant shall be entitled, on or after the Vesting thereof but prior to the expiry 90 days from the Vesting date, to Exercise one or more of the Option Scheme Participant's Vested Options.
- 35.2 Every Exercise shall be initiated by way of an Exercise Notice which shall
- 35.2.1 be given by the Option Scheme Participant in the form which the Board may from time to time prescribe;
- 35.2.2 be delivered to the Board; and
- 35.2.3 specify the number of Shares in respect of which the Option Participant Exercises the Option.
- 35.3 Subject to clause 35.4 and board approval, which shall not be unreasonably withheld, the Participant shall be Settled for each Vested Option Exercised.
- 35.4 A Participant shall only be Settled if –
- 35.4.1 the Option Scheme Purchase Price has been paid in full together with any amount in respect of deduction in respect of Tax as may be required by Applicable Laws which may arise on the Exercise of the Participant's Option Scheme Shares; and
- 35.4.2 all or any conditions which attach to the Option have been met.
- 35.5 It is recorded that any Option Scheme Shares which have been Settled to an Option Scheme Participant in terms of this Scheme shall rank *pari passu* with all other Issued Shares in all respects.
- 35.6 If a Participant elects not to Exercise any Options on or after the Vesting thereof, then Settlement shall not take place, and the provisions of clauses 35.4 and 37 shall continue to apply.
- 35.7 On the expiry of the period contemplated in clause 35.1 in respect of any Option, the Shares which are the subject of the Option, and have Vested in the Participant, but have not yet been Exercised by the Option Scheme Participant, shall be forfeited and cancelled.

36. FUNDING OF OPTION SCHEME SHARES

The costs of acquiring and issuing Option Scheme Shares and making a loan to a Participant as contemplated in clause 32.4, and acquiring or issuing Option Scheme Shares shall, at the Discretion of the Directors, be borne by the Trust, the Company or a Subsidiary of the Company.

45. **AMENDMENTS TO THE TRUST DEED**

- 45.1 This Trust Deed may be amended from time to time by agreement between the Directors and the Trustees, but –
- 45.1.1 the terms or conditions of allotment of any Scheme Shares or of any offer may not be altered without such consent on the part of the Participants concerned;
 - 45.1.2 no amendment in respect of the following matters shall operate unless such amendment has been approved by shareholders passing an ordinary resolution (requiring a 75% (seventy five percent) majority of the votes cast in favour of such resolution by all Shareholders present or represented by proxy at the general meeting to approve such resolution) –
 - 45.1.2.1 the basis upon which Purchase Offers or Option Offers are made;
 - 45.1.2.2 the persons who may become Participants under the Scheme;
 - 45.1.2.3 the voting, distribution, transfer and other rights (including those arising on the liquidation of the Company) attaching to Scheme Shares;
 - 45.1.2.4 the total number of the securities which may be utilised for purposes of the Scheme;
 - 45.1.2.5 a fixed maximum entitlement for any one Participant;
 - 45.1.2.6 the basis for determining the purchase or subscription price of Scheme Shares which is a fixed mechanism for all Participants under the Scheme;
 - 45.1.2.7 the terms of repayment of any loan as set out in this Trust Deed
 - 45.1.2.8 the treatment of Options (Vested and unvested) in instances of mergers, takeovers or corporate actions; and
 - 45.1.2.9 the procedure to be adopted on termination of employment, retirement or death of a Participant.
- 45.2 Notwithstanding the provisions of clause 45.1, but subject to the JSE Listings Requirements, if it should become necessary or desirable by reason of the enactment of any new act or regulation at any time after the signing of this Trust Deed, to amend the provisions of this Trust Deed so as to preserve the substance of the provisions contained in this Trust Deed but to amend the form so as to achieve the objectives embodied in this Trust Deed in the best manner having regard to such new legislation and without prejudice to the Participants concerned, then the Directors and the Trustees may amend this Trust Deed accordingly.

51. **TERMINATION OF SCHEME**

- 51.1 The Scheme and the Trust shall terminate as soon as all of the following events have taken place –
- 51.1.1 the Directors and the Trustees resolve that the Scheme shall terminate; and
 - 51.1.2 the Trust and the Company has received payment in full of all amounts owed to it by the Participants which are recoverable; and
 - 51.1.3 if applicable, when the Trust and the Company has discharged all its obligations to the Participants.
- 51.2 Upon termination, the Trustees shall realise the assets of the Trust, settle all outstanding liabilities and expenses of the Trust and repay all outstanding loans owed to Funder Companies, if applicable. Should the amount paid by the Trustees to such Funder Companies fall short of the full indebtedness of the Trust to them, the Trustees shall be relieved of all liability for such shortfall, which shall constitute a loss to be borne by the Funder Companies.
- 51.3 Any surplus assets shall be transferred to the Company.

DIRECTOR PROFILES

Abubaker Varachhia (Abu) – Non-executive chairman

Date and place of birth	18 June 1958, Witbank, South Africa
Qualifications	University of Cape Town – B.Sc. in Quantity Surveying (1986) Pr.QS (Professional Quantity Surveyor)
Professional affiliations	Member of South African Property Owners Association, Member of Cape Town Property Development Forum, Member of the Association of South African Quantity Surveyors, Member of the Council of South African Quantity Surveyors

Abu qualified as a quantity surveyor in 1986 at the University of Cape Town. In April 1990 Abu started his own practice named Abu Varachhia & Associates, which merged with Letchmiah Daya Associates in 1991 to form Letchmiah Daya Varachhia. Subsequently the group expanded throughout South Africa and was rebranded as LDM Quantity Surveyors.

Abu has been involved in major property transactions and has initiated multi-million Rand property development projects throughout South Africa. Abu served as a director on the board of the JSE listed property fund Spearhead Property Holdings Limited. Currently Abu serves on the board of directors of the JSE listed company Mazor Steel & Aluminium Limited.

Today Abu is one of the most respected quantity surveyors in the South African property industry and he has contributed to the ever-changing property landscape through his quantity surveying practice LDM Quantity Surveyors over the last 29 years. Abu has extensive experience in property development and his skill in this regard along with his ability to find value in potential portfolio re-developments will be invaluable to the future of the business.

Michael Naftali Flax (Mike) – Chief executive officer

Date and place of birth	18 November 1964, Port Elizabeth, South Africa
Qualifications	University of Cape Town – B Comm. (1985), Graduate Diploma in Accounting (1987), Diploma: Management Accounting (1988)
Professional affiliations	CA (SA) (Chartered Accountant) since 1988, Fellow of the Chartered Institute of Management Accountants: Associate (1989), Fellow (1995), winner of the institute medal for service (1999), SA President (1997 – 2000)

Mike is an accomplished property professional and operates within the commercial property sector. Mike, a chartered accountant by qualification, has in excess of 30 years' experience in the property sector and has been key in some of the most exciting property transactions across the listed sector. Mike was the founder of Spearhead Property Group, which was later sold to Redefine Property Fund. Mike served on the board of directors of Madison Property Fund Managers until 2009 after a merger with Redefine Properties and Apex Hi to form the new Redefine Properties and, until February 2011, served as an executive director of Redefine Properties Limited.

Mike has extensive expertise in commercial property finance, development and a variety of key financial functions within the property sector, his entrepreneurial approach to property is admired by many within the property sector and his ability to create and unlock value has been proven time and time again.

Mike is responsible for setting the trajectory of the business and will play a key role in the development of earmarked properties and the creation of investment deal flow for the fund.

Quintin Michael Rossi (Quintin) – Managing Director

Date and place of birth	16 March 1981, Rustenburg, South Africa
Qualifications	University of Cape Town – BA Law & Politics (2004), PGDEM UCT School of Management Studies (2005), Diploma Financial Management UCT & Get Smarter (2012)
Professional affiliations	Member of the South African Property Owners Association, Member of Cape Town Property Development Forum, Chairman Salt River Improvement District, Chairman Tygervalley Improvement District

Quintin has a wealth of experience in both the listed and private property sector and specialises in all aspects of leasing and management related to commercial, industrial and retail property. Quintin started his property career as a property broker at a Cape Town based brokerage and then went on to head up the national leasing management role at Redefine Properties which at the time, and currently, is one of the largest listed property funds in the South African commercial property landscape.

Quintin graduated from the University of Cape Town with an undergraduate degree in Law and went on to complete his postgraduate studies at the UCT School of Management Studies in Enterprise Management. He has played a key role in the conclusion of major corporate leasing and sale deals in the South African commercial property market leaving his value adding mark throughout South Africa.

Quintin is in charge of all day-to-day management of the property portfolio overseeing both asset management and property management operations to ensure tenant satisfaction and portfolio growth. Quintin is also responsible for new development projects and is mandated to secure new opportunities that will add value to the Spear property portfolio.

Christiaan Barnard (Christiaan) – Financial Director

Date and place of birth	26 September 1988, Cape Town, South Africa
Qualifications	University of Stellenbosch – BAcc. (2009), BAcc Hons (2011)
Professional affiliations	CA (SA) (Chartered Accountant)

Christiaan is a Chartered Accountant. Through various family interests he has been exposed to the real estate sector from a young age and understands the demands associated with unlocking value in a real estate environment. Prior to joining Spear, Christiaan was a trainee accountant at Grant Thornton Cape Town from 2012 to 2015 and an audit senior thereafter at Grant Thornton in the USA, where he gained exposure to various industries including software development and support, oil and gas production and REIT's.

Christiaan is responsible for overseeing the financial functions of Spear, its subsidiaries and related operations.

Brian Leon Goldberg (Brian) – Non-executive Director

Date and place of birth	13 June 1963, Cape Town, South Africa
Qualifications	University of Cape Town – Bachelor of Arts (1985), University of Cape Town – Bachelor of Laws (1987)
Professional affiliations	Advocate of The High Court of South Africa

Brian, an advocate by profession, has been active in the Commercial and Industrial Property Industry for the past 25 years. During the period he has been integrally involved in many significant property developments and investments, and has been at the forefront of the establishment of many privately held property funds including Arbitrage Property fund (a joint venture with Trematon Capital Investments Limited) in which Brian was a founding shareholder and Director. He has an astute understanding of the Western Cape Property environment and has led a large number of strategic property initiatives including the development of the iconic Wembley Square, and the identification of the opportunity and negotiation of the acquisition of Sable Square from Redefine. Brian has vast and varied expertise both in the commercial property investment arena as well as in the legal technical environment relating thereto. He has an entrepreneurial, value based approach to property investment, and is respected for his ability to identify and realise value, as well as for his technical knowledge, experience and expertise and for his astute negotiating skills. Brian has been, and continues to serve as, a director and trustee in various property owning entities, and has served as a board member and chairman of various community organisations.

Brian's market knowledge, deal making and technical skills will strengthen and add value to the Spear's intended growth initiatives

Brian will serve as a non-executive Director and will serve on the investment committee.

Jalaloodien Ebrahim Allie (Jalal) – Lead independent non-executive Director

Date and place of birth:	28 October 1956, Cape Town, South Africa
Qualifications:	University of South Africa – B Compt, Hons B Compt
Professional affiliations	Fellow Member of the Institute of Directors

Jalal has been involved in commercial property for over 21 years. Jalal joined Seeff Trust Proprietary Limited, the forerunner to the Spearhead Property Group in 1993 as the Financial Manager after leaving PKF Chartered Accountants and Auditors. He was appointed as a director of Brait Property Services Proprietary Limited in 1997.

Early 1999 he was appointed chief financial officer and company secretary of the newly listed Spearhead Property Holdings Limited, which he founded together with chief executive officer, Mike Flax. He was responsible for all aspects of company accounting, including managing the accounting department, preparing budgets, managing cash flow, funding requirements, debt structuring, annual financial and interim reports, taxation and audit functions, company secretarial duties and complying with JSE Listings Requirements. Jalal also served on the investment committee of Spearhead Property Holdings Limited.

Niclas Kjellström-Matseke (Niclas) – Independent non-executive Director

Date and place of birth:	13 May 1970, Sweden (dual citizenship of Swedish and South African)
Qualifications:	Stockholm School of Economics and Babson College USA – Executive MBA, University of Uppsala, Sweden – BA in Economics and Social Science
Professional affiliations	Member of the Elders' Advisory Board, Board member of the United Nation's Sustainable Development Solutions Network Leadership Council

Niclas has become one of Sweden's best known business leaders with a successful career as a management consultant and later as a visionary consumer oriented chief executive officer. He is also recognised for his unique network of global leaders in business, politics and NGO communities. He serves on several boards in Sweden, the United States and Africa. Niclas is an active member of the global CEO-network of Young Global Leaders (YGL), where he served as chairman of its Swedish chapter.

Niclas has been the chief executive officer of Novamedia Postcode Lottery Nordics AB ("**Novamedia**") since its start in 2005. Novamedia owns the concept of, and operates the Swedish Postcode Lottery as well as several TV-productions. The Swedish Postcode Lottery has, under Niclas' 10 years as chief executive officer, not only showed a tremendous growth in turnover (€0 to €380 million), but also proved to become the most profitable company in its industry.

Previously Niclas has held senior management positions in various companies and he has been the chief executive officer of Spero Spel AB, which is a retail company. He also has a background as a management consultant for over eight years at Accenture and Alumni AB (a head hunting company). In the last 15 years, Niclas has also started and developed several small and medium size companies as an entrepreneur or investor/board member in industries such as publishing, management consulting and manufacturing. In 2016 he relocated to South Africa to focus on developing business and sustainable solutions in Southern Africa, from his own company Perennis Limited.

Niclas is a member of the Elders' Advisory Board, where he supports leaders such as former president Jimmy Carter, Graca Marcel, Mary Robinson and Kofi Annan in their work for peace and democracy through negotiations with world leaders. Niclas is also a member of the global business network of the Young President Organisation (YPO), where he served as chairman of YPO Sweden. Niclas has served on the United Nation's Sustainable Development Solutions Network Leadership Council, since 2013 and in 2013 he received the Robert F. Kennedy Center for Justice and Human Rights – The Ripple of Hope Award for his "dynamic and creative leadership" joining together business, political and civic communities.

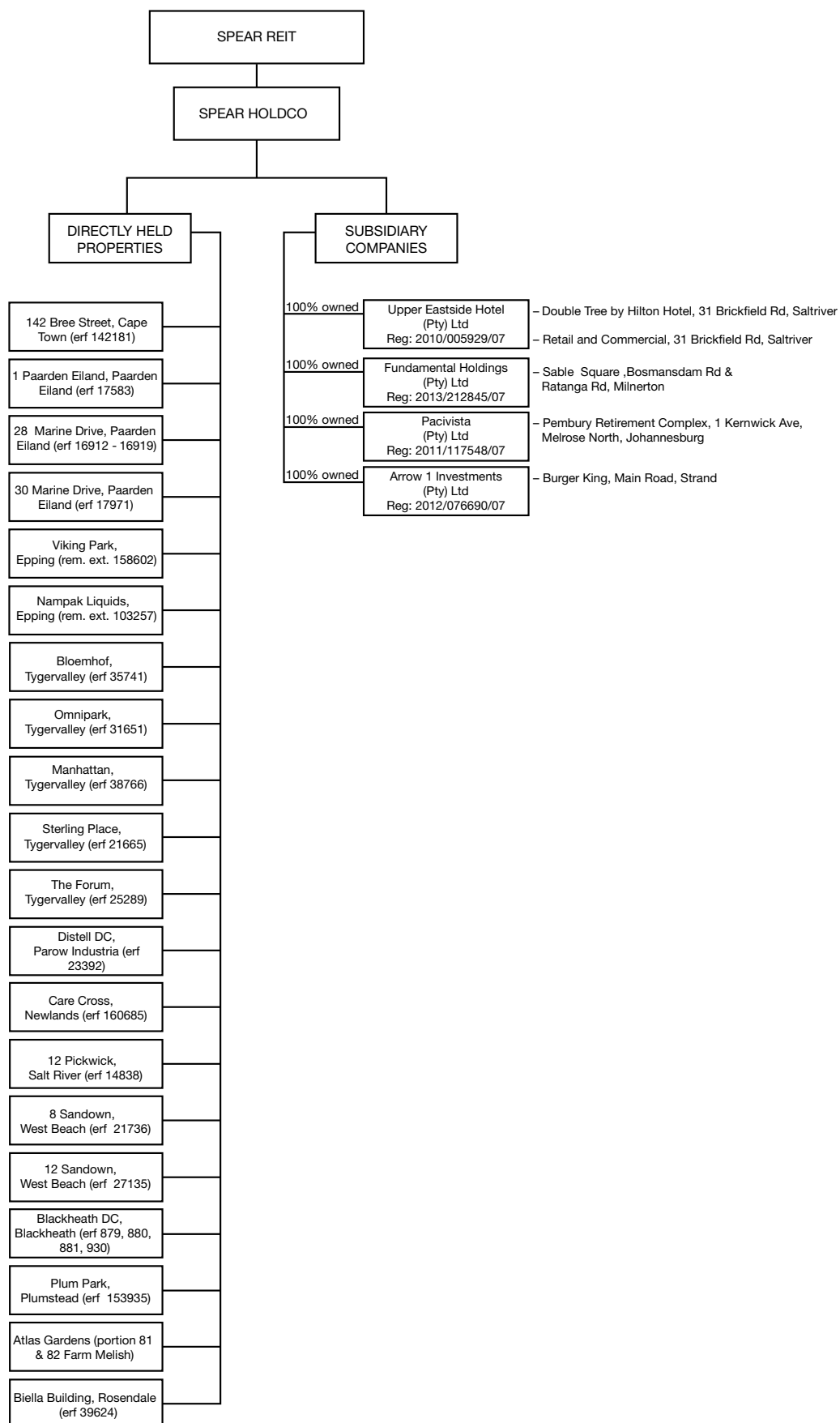
OTHER DIRECTORSHIPS

The table below sets out the names of the companies and other entities of which the Company's Directors and the directors of its Major Subsidiary are or have been directors, members or partners during the five years preceding the Last Practicable Date.

Director	Name of company	Nature of business	Capacity	Current/ Resigned
Abu Varachhia	Spear REIT Limited	REIT	Non-executive chairman	Current
	Spear Holdco Proprietary Limited	Property related activities	Director	Current
	Upper East Side Hotel Proprietary Limited	Property related activities	Director	Current
	Pacivista Proprietary Limited	Property related activities	Director	Resigned
	Arrow Investments 1 Proprietary Limited	Property related activities	Director	Resigned
	Abma Properties Proprietary Limited	Property related activities	Director	Current
	Abma Properties 786 Proprietary Limited	Property related activities	Director	Current
	Aznab Properties Proprietary Limited	Property related activities	Director	Current
	Bombazine Properties Proprietary Limited	Property related activities	Director	Current
	Cloudberry Investments 18 Proprietary Limited	Property related activities	Director	Current
	Clusten 54 Proprietary Limited	Property related activities	Director	Current
	Dormell Properties Proprietary Limited	Property related activities	Director	Current
	Exiled Investments Proprietary Limited	Property related activities	Director	Current
	Manvu 1 Investments Proprietary Limited	Property related activities	Director	Resigned. Company deregistered in 2016
	Micromatica 970 Proprietary Limited	Property related activities	Director	Current
	Mtshobela Capital Holdings Proprietary Limited	Property related activities	Director	Current
	Nabaz Investments Proprietary Limited	Property related activities	Director	Current
	Nav Properties Proprietary Limited	Property related activities	Director	Current
	Quarry Hill Developments Proprietary Limited	Property related activities	Director	Current
	Trivot Properties 30 Properties CC	Property related activities	Member	Current
LDM Quantity Surveyors (CT) Incorporated	Quantity surveying	Director	Current	
LDM Holdings Proprietary Limited	Quantity surveying	Director	Current	
Mazor Aluminium Proprietary Limited	Manufacturing	Director	Current	
Mazor Steel Proprietary Limited	Manufacturing	Director	Current	
Ingenuity Property Investments Limited	Property related activities	Director	Resigned	
Mike Flax	Spear REIT Limited	REIT	Chief executive officer	Current
	Spear Holdco Proprietary Limited	Property related activities	Director	Current
	Easy Shoes Proprietary Limited	Investment holding company	Director	Current
	Fronsac Investments Limited	Investment holding company	Director	Current
	Scarlet Sun 58 Proprietary Limited	Investment holding company	Director	Current
	Cape Town City Improvement District Limited	NGO	Director	Resigned
	Redefine Properties Limited	REIT	Director	Resigned
	Upper East Side Hotel Proprietary Limited	Property related activities	Director	Current

Director	Name of company	Nature of business	Capacity	Current/ Resigned
Quintin Rossi	Spear REIT Limited	REIT	Managing Director	Current
	Spear Holdco Proprietary Limited	Property related activities	Director	Current
	Upper East Side Hotel Proprietary Limited	Property related activities	Director	Current
	Pacivista Proprietary Limited	Property related activities	Director	Current
	Fundamental Holdings Proprietary Limited	Property related activities	Director	Current
	Arrow Investments 1 Proprietary Limited	Property related activities	Director	Current
	Arrow Creek Investments 227 Proprietary Limited	Property related activities	Director	Current
	Arrow 3 Investments Proprietary Limited	Property related activities	Director	Current
	Arrow 4 Investments Proprietary Limited	Property related activities	Director	Current
	23 Main Road Properties Proprietary Limited	Property related activities	Director	Current
	Bantry Hills Proprietary Limited	Property related activities	Director	Current
Christiaan Barnard	Spear REIT Limited	REIT	Financial director	Current
	Spear Holdco Proprietary Limited	Property related activities	Director	Current
	Pacivista Proprietary Limited	Property related activities	Director	Current
	Fundamental Holdings Proprietary Limited	Property related activities	Director	Current
	Upper East Side Hotel Proprietary Limited	Property related activities	Director	Current
	Arrow Investments 1 Proprietary Limited	Property related activities	Director	Current
Brian Goldberg	Spear REIT Limited	REIT	Director	Current
	Fundamental Holdings Proprietary Limited	Property Investment	Director	Resigned
Jalal Allie	Spear REIT Limited	REIT	Director	Current
	Emarie Campbell Real Estate Proprietary Limited t/a Pam Golding Properties	Property estate agency	Financial director	Current
	Big Bay Beach Estates Proprietary Limited t/a Pam Golding Properties	Property estate agency	Financial director	Current
	Syfrets Property Brokers Proprietary Limited	Property brokers/agency	Non-executive director	Current
	Asim Financial Services Proprietary Limited	Financial services	Director	Current
Niclas Kjellström-Matseke	Spear REIT Limited	REIT	Director	Current
	Novamedia Postcode Lottery Nordics AB	Swedish Postcode Lottery and TV-productions	Chief executive officer	Current
	Perennis Africa Proprietary Limited	Consulting services	Chief executive officer	Current

SPEAR GROUP STRUCTURE AS AT THE LISTING DATE



DETAILS OF SPEAR SUBSIDIARIES

Spear Subsidiary	Registration number	Place of incorporation	Incorporation date	Issued share capital held	Nature of business	Directors
The Upper East Side Hotel Proprietary Limited	2010/005929/07	South Africa	25/03/2010	100% held by Spear Holdco	Hotel holding company	Quintin Rossi Mike Flax Abu Varachhia Christiaan Barnard
Fundamental Holdings Proprietary Limited	2013/212845/07	South Africa	14/11/2013	100% held by Spear Holdco	Property holding company	Quintin Rossi Christiaan Barnard
Pacivista Proprietary Limited	2011/117548/07	South Africa	19/09/2012	100% held by Spear Holdco	Property holding company	Quintin Rossi Christiaan Barnard
Arrow Investments 1 Proprietary Limited	2012/076690/07	South Africa	26/04/2012	100% held by Spear Holdco	Property holding company	Quintin Rossi Christiaan Barnard

DETAILS OF MATERIAL BORROWINGS AND INTER-GROUP LOANS

As at the Last Practicable Date the material borrowings of the Spear Group are as follows:

Lender	Borrower	Type of loan	Reason for loan (acquisition of assets or other)	Loan amount (R)	Interest rate
Nedbank Limited	Spear Property Trust	Mortgage loan	Acquisition of assets	453 000 000	Prime – 0.65%
Nedbank Limited	Upper East Side Hotel	Mortgage loan	Acquisition of assets	100 000 000	9.81%
Nedbank Limited	Upper East Side Hotel	Mortgage loan	Acquisition of assets	29 000 000	Prime – 0.35%
Nedbank Limited	Spear Property Trust	Mortgage loan	Acquisition of assets	27 700 000	Prime – 0.60%
Nedbank Limited	Spear Property Trust	Mortgage loan	Acquisition of assets	17 500 000	Prime – 0.50%

Terms of repayment (i.e. interest only repayments/capital and interest repayments/no repayments) Date upon which loan must be settled	Security furnished	Balance owing on the Last Practicable Date (R)
Repayable in fixed monthly instalments of R700 000 for first 12 months, R750 000 for 6 months thereafter, and R250 000 for 42 months thereafter. Anticipated residual of R420 920 000 payable in September 2020.	Mortgage bonds over certain properties owned by the borrower. Limited suretyships by the Spear Property Trust, Easy Shoes Proprietary Limited, Mike Flax, Nabaz Properties Proprietary Limited, the Varachhia Trust, Aznab Properties Proprietary Limited, Abma Properties Proprietary Limited, Abu Varachhia, the Rossi Trust and Quintin Rossi.	437 320 000
Monthly repayments comprising of interest only.	Mortgage bonds over certain properties owned by the borrower and the Spear Property Trust. A cession and pledge of shares by Easy Shoes Proprietary Limited held with Investec Securities Limited, to a minimum value of R15 million. A cession and pledge of cash deposit of R10 million held by The Spear Property Trust at Nedbank Limited. Limited suretyships by Easy Shoes Proprietary Limited, Mike Flax, Nabaz Properties Proprietary Limited, the Varachhia Trust, Aznab Properties Proprietary Limited, Abma Properties Proprietary Limited, Abu Varachhia, the Rossi Trust and Quintin Rossi.	100 000 000
Repayable in fixed monthly instalments of R391 253 over 120 months, with the last instalment due in June 2024.	Mortgage bonds over certain properties owned by the borrower. Limited suretyships by the Spear Property Trust, Easy Shoes Proprietary Limited, Mike Flax, Nabaz Properties Proprietary Limited, the Varachhia Trust, Aznab Properties Proprietary Limited, Abma Properties Proprietary Limited, Abu Varachhia, the Rossi Trust and Quintin Rossi.	25 291 794
Monthly repayments comprising of interest only.	Mortgage bonds over certain properties owned by the borrower. Limited suretyships by the Spear Property Trust, Easy Shoes Proprietary Limited, Mike Flax, Nabaz Properties Proprietary Limited, the Varachhia Trust, Aznab Properties Proprietary Limited, Abma Properties Proprietary Limited, Abu Varachhia, the Rossi Trust and Quintin Rossi.	26 701 898
Monthly repayments comprising of interest only.	Mortgage bonds over certain properties owned by the borrower. Limited suretyships by the Spear Property Trust, Easy Shoes Proprietary Limited, Mike Flax, Nabaz Properties Proprietary Limited, the Varachhia Trust, Aznab Properties Proprietary Limited, Abma Properties Proprietary Limited, Abu Varachhia, the Rossi Trust and Quintin Rossi.	17 104 919

Lender	Borrower	Type of loan	Reason for loan (acquisition of assets or other)	Loan amount (R)	Interest rate
Nedbank Limited	Arrow Investments	Mortgage loan	Acquisition of assets	3 318 000	Prime – 0.50%
Nedbank Limited	Pacivista	Mortgage loan	Acquisition of assets	40 000 000	Fixed 9.32% for a period of 59 months and 18 days commencing on 28 December 2012, and thereafter interest at the prime lending rate for the remaining term of the loan
Investec Limited	Fundamental Holdings	Mortgage agreement and credit facility	Acquisition of assets	186 510 000	Prime – 0.50%
Investec Limited	Fundamental Holdings	Mortgage loan	Acquisition of assets	3 051 300	Prime

Notes:

- None of the loans listed above are convertible into ordinary shares of any Spear Group Company.
- The funds raised in terms of the Capital Raisings will be used to reduce debt levels to comply with the JSE Listings Requirements.

As at the Last Practicable Date the material inter-group loans of the Spear Group are as follows:

Lender	Borrower	Reason for loan (acquisition of assets or other)	Loan amount (R)
Upper East Side Hotel	Spear REIT Limited	Working capital	20 454 038
Spear REIT Limited	Fundamental Holdings	Working capital	18 006 026
Spear REIT Limited	Pacivista	Working capital	5 577 042
Spear REIT Limited	Arrow Investments	Working capital	762 033

Terms of repayment (i.e. interest only repayments/capital and interest repayments/no repayments) Date upon which loan must be settled	Security furnished	Balance owing on the Last Practicable Date (R)
Repayable in monthly instalments of interest only at a rate of prime less 0.5% for a period of 60 months, with a final repayment of the capital and all other outstanding amounts at the end of loan term.	Mortgage bonds over certain properties owned by the borrower. Limited suretyships by the Spear Property Trust and Abu Varachhia.	2 944 600
Repayable in equal monthly instalments of R476 171.	Mortgage bonds over the property owned by the borrower. Limited suretyships by N M Raad, L J Prinsloo, Abu Varachhia, Mike Flax, Quintin Rossi and Easy Shoes Proprietary Limited. The cession and pledge of all rights, title and interest in and to the proceeds of any amounts paid out under the comprehensive insurance policy covering the property.	34 118 696
36 Monthly instalments of R1 357 781 and thereafter 24 monthly instalments of R2 070 564. Last residual instalment of R168 589 000 being payable in August 2020.	Mortgage bonds over certain properties owned by the borrower. Cession of the proceeds of the company's Building Insurance Policy and SASRIA extension for the full asset value of any property mortgaged and a cession of all present and future rights, title, benefit and interest in the properties, including any and all rentals received or receivable. Limited suretyships and guarantees by Leonard Samuel Sank, Brian Goldberg, the Jenben Trust, Abu Varachhia, the Varachhia Trust, Mike Flax, Easy Shoes Proprietary Limited, Quintin Rossi, the Rossi Trust and the Spear Property Trust.	175 426 862
36 Monthly instalments of R23 520 and thereafter 24 monthly instalments of R36 902 with the last residual instalment of R2 700 000 being in August 2020.	Mortgage bonds over certain properties owned by the borrower. Cession of the proceeds of the company's Building Insurance Policy and SASRIA extension for the full asset value of any property mortgaged and a cession of all present and future rights, title, benefit and interest in the above properties, including any and all rentals received or receivable.	1 398 668

Interest rate	Terms of repayment (i.e. interest only repayments/capital and interest repayments/no repayments) Date upon which loan must be settled	Security furnished
Bears interest at rates agreed upon between the parties from time to time.	Repayable on demand.	Unsecured
Bears interest at rates agreed upon between the parties from time to time.	Repayable on demand.	Unsecured
Bears interest at Prime plus 2%.	Repayable from time to time out of the free cash flow of the borrower. The borrower shall not repay any portion of any loan account until it has repaid the excess portion of any loan account over a shareholder's pro rata initial contribution as at the date of such repayment of the aggregate amount of all the loan accounts.	Unsecured
Bears interest at rates agreed upon between the parties from time to time.	Repayable on demand.	Unsecured

DETAILS OF PROPERTIES IN THE SPEAR PROPERTY PORTFOLIO

No.	Property name and physical address	Sector	Weighted average rental per m ²	Rentable area (GLA) m ²
1	1 Paarden Eiland Rd, Paarden Eiland, Cape Town	Industrial & Retail	R36.08	5 538
2	28 Marine Drive, Paarden Eiland, Cape Town	Mixed Use – Majority Retail	R50.51	7 292
3	30 Marine Drive, Paarden Eiland, Cape Town	Industrial & Retail	R58.24	2 806
4	Bloemhof Building, 112 Edward Street, Tygervalley, Bellville, Cape Town	Office & Retail	R123.44	4 273
5	Omnipark, 102 Edward Street, Tygervalley, Bellville, Cape Town	Office & Retail	R61.16	2 264
6	Manhattan Plaza, 104 Edward Street, Tygervalley, Bellville, Cape Town	Office & Retail	R95.82	5 427
7	Sterling Place, 90 Edward Street, Tygervalley, Bellville, Cape Town	Office & Retail	R7 032	4 212
8	The Forum, 82 Edward Street, Tygervalley, Bellville, Cape Town	Retail	R84.90	996
9	Viking Park, Cnr Viking Way & Showgrounds Avenue, Epping, Cape Town	Retail, Office & Industrial	R87.00	9 000
10	Nampak Epping, 11 Hewett Avenue, Epping, Cape Town	Industrial	R37.72	15 450
11	142 Bree Street, Cape Town	Office	R114.06	3 024
12	Plum Park, 25 Gabriel Road, Plumstead, Cape Town	Office	R129.96	2 102
13	12 Pickwick Road, Woodstock, Cape Town	Office & Warehouse	R74.42	2 516
14	Distell DC, 1 Beaconway, Cnr of Jan Smuts and Jan van Riebeeck Drive, Parow, Cape Town	Office & Warehouse	R37.83	16 170
15	8 Sandown Road, Blouberg Sands, Cape Town	Retail	R135.04	601
16	12 Sandown Road, Blouberg Sands, Cape Town	Residential	R101.03	400
17	Care Cross, 10 Mill Street, Newlands, Cape Town	Commercial	R167.49	2 956
18	Double Tree by Hilton and Retail & Commercial (Upper East Side Hotel), 31 Brickfield Rd, Woodstock, Cape Town	Hospitality	R109.72	11 339
19	Sable Square Shopping Centre (Fundamental Holdings), Cnr Bosmandsdam & Ratanga Road, Milnerton, Cape Town	Retail & Commercial	R90.92	27 980
20	Burger King (Arrow Investments), Erf 12855, Main Road, Strand	Retail	R107	300
21	Range Road DC, Cnr Range & Anfield Road, Blackheath	Industrial	R27.45	22 315
22	Biella Building, Bella Rosa, Rosendal, Durbanville	Commercial	R128	1 928
23	Tanker Services, Atlas Gardens, Contermanskloof, Cape Town	Industrial	R18.67	9 972
24	Pembury Retirement Complex (Pacivista), 1 Kernwick Avenue, Melrose North, Johannesburg	Residential	R69.85	8 000
25	Upper East Side Hotel, 31 Brickfield Road, Salt River, Cape Town	Commercial, Retail & Residential	R107.94	4 938

Vacancy (% of rentable area)	Cost of acquisition	Purchase price (excluding cost of acquisition)	Market value attributed by Independent Property Valuer	Date to be acquired by Spear Group
0%	R185 000	R22.2 million	R22.2 million	1 November 2016
0.01%	R185 000	R36.5 million	R36.6 million	1 November 2016
0%	R185 000	R13.8 million	R13.8 million	1 November 2016
1.87%	R185 000	R55.1 million	R55.1 million	1 November 2016
0%	R185 000	R21.3 million	R21.3 million	1 November 2016
0%	R185 000	R71.8 million	R72 million	1 November 2016
0%	R185 000	R43 million	R43 million	1 November 2016
0%	R185 000	R8 million	R8 million	1 November 2016
0.04%	R185 000	R71 million	R71 million	1 November 2016
0%	R185 000	R70.6 million	R70.6 million	1 November 2016
0%	R185 000	R73.5 million	R73.5 million	1 November 2016
0%	R185 000	R27 million	R27 million	1 November 2016
0%	R185 000	R22.7 million	R22.7 million	1 November 2016
0%	R185 000	R80.9 million	R80.9 million	1 November 2016
0%	R185 000	R8.5 million	R8.5 million	1 November 2016
0%	R185 000	R4.6 million	R4.6 million	1 November 2016
0%	R185 000	R57.2 million	R57.2 million	1 November 2016
0%	R185 000	R165.6 million	R165.6 million	1 November 2016
0.5%	R185 000	R259.2 million	R259.2 million	1 November 2016
0%	R185 000	R3.9 million	R3.9 million	1 November 2016
12%	R185 000	R84.6 million	R84.5 million	1 November 2016
14.5%	R185 000	R25.5 million	R25.5 million	1 November 2016
0%	R185 000	R23.5 million	R23.5 million	1 November 2016
0%	R185 000	R79.1 million	R79.1 million	1 November 2016
0%	R185 000	R63.6 million	R63.6 million	1 November 2016

INDEPENDENT PROPERTY VALUER'S ABRIDGED VALUATION REPORT ON THE SPEAR PROPERTY PORTFOLIO

18 October 2016

The Directors

Spear REIT Limited ("Spear" or the "Company")

5th Floor

Double Tree by Hilton at the Upper Eastside

31 Brickfield Road

Woodstock

7925

Dear Sirs

RE: INDEPENDENT PROPERTY VALUER'S ABRIDGED REPORT ON THE SPEAR PROPERTY PORTFOLIO AS DETAILED IN THE SUMMARY SCHEDULE ATTACHED HERETO AND FOR WHICH THERE IS A DETAILED VALUATION REPORT IN RESPECT OF EACH OF THE PROPERTIES

In accordance with your instruction of 28 July 2016, I confirm that we have visited and inspected the properties listed in the attached schedule ("**Properties**") during September 2016 and have received all the necessary details required to perform valuations in order to provide you with my opinion of the market value of the Properties as at 1 October 2016.

1. INTRODUCTION

The valuations of the Properties have been carried out by the Independent Property Valuer who has carefully considered all aspects of all the Properties. A detailed valuation report has been prepared in respect of each of the Properties ("**Detailed Reports**"), which have been delivered to the directors of Spear ("**Directors**").

The Detailed Reports include commentary on the current economy and the (i) nature; (ii) locality; (iii) tenancy; (iv) risk profile; (v) forward rent and earning capability; and (vi) exposure to future expenses and property risks of each of the Properties. All these aspects have been considered in the individual valuations of each of the Properties. The Detailed Reports have also addressed the tenancy income capability and expenditure of each of the Properties and tenants. The historic expenditure profiles as well as future expenditure increases have been considered in the preparation of the Detailed Reports. The value reflected in each of the Detailed Reports indicates the fair market value for each of the respective Properties, which have been summarised in the summary schedule, attached hereto.

2. BASIS OF VALUATION

The valuation of the Properties are based on market value.

Market value is defined as the best price at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally, for a cash consideration on the date of valuation, assuming:

- 2.1 a willing seller and a willing buyer in a market;
- 2.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and
- 2.3 that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

3. VALUE CALCULATION

The calculation of the market value of each of the Properties are based on income capitalisation. This is the fundamental basis on which commercial income producing properties are traded on the South African market. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in such market.

Properties traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate.

The discounted cash flow value has, however, also been calculated for each of the Properties as a test and mechanism to ensure that the capitalised value calculated is consistent with market norms and expectations.

The considerations for the capitalised valuations are as follows:

- 3.1 calculating the forward cash flow of all contractual and other income from the Properties;
- 3.2 calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for vacancies or future capital expenditure to which the Property may be exposed;
- 3.3 the current area vacancies as a percentage of the gross lettable area of the Properties are less than 1%. In order to apply a conservative approach, I have applied vacancy provisions of between 0% and 3.5% of the gross income as provisions for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting during the course of the coming year. The current vacancies are market related. The vacancy provisions applied in the valuations are therefore adequate;

- 3.4 there is no loss of rental due to any renovations or refurbishments currently being carried out on the Properties. There is, however, ongoing external maintenance work and some tenant installation fitting that is currently in progress. There is no loss of rental as a result of these activities;
- 3.5 generally the rentals are market related. This has been determined by comparing similar buildings in comparable areas to the Properties, valued in terms of rental per square metre. The rental rate has also been checked against various published indices, including the South African Property Owners Association (SAPOA) index. The rental charged in respect of the Properties are not considered to be too high and it is anticipated that should any of the Properties become vacant, such Properties will be capable of being rented at the same or higher rental rate. The potential for rental flow reversion is therefore considered to be minimal. Provided that there are no major economic fluctuations which may upset the economy, there is a potential for a positive upside and real growth in rental;
- 3.6 discounting the net contractual income derived from the Properties for periods of 2 years to 12 years in advance, calculated from 31 October 2016;
- 3.7 the valuations have considered published market statistics regarding rental rates and expenditure for the different types of buildings on the Properties. I have also considered numerous other portfolios of similar properties in order to determine if the rental charged in respect of any of the Properties are too high or whether there is excessive expenditure on any of the Properties; and
- 3.8 various provisions for capital contingencies were deducted from the capitalised values.

4. SPARE/VACANT LAND

One of the Properties, as listed below, enjoys development rights. Consequently a valuation has been undertaken on a comparative basis compared to similar properties of a like nature in the area.

142 Bree Street, Cape Town has 21 000 m² of undeveloped bulk, valued at R73 500 000.

This Property has been valued on a comparative basis compared to similar properties in the area, however, certain minor adjustments have been made to the open market value to provide for the following:

- a) planning permission for the development of this bulk has not been applied for yet;
- b) it is my contention that it will only be developed in five years from the valuation date;
- c) at this stage I have not been advised as to how long the development would take; and
- d) no costings have been provided.

In addition, future development has been planned in respect of certain other vacant land owned by Spear, but no planning permission has been applied for in respect of such vacant land.

5. BRIEF DESCRIPTION

Improvements to the Properties comprise a substantial mixed use collection of commercial buildings.

6. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to excessive rental charges; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced and/or poor lease records whereby the lease may be disputed or rendered invalid.

I have, to the best of my knowledge, considered all of these aspects in the valuations of all the Properties. In my opinion, none of the Properties are prejudiced in value by the influence of any of the above listed factors.

The Independent Property Valuer is however not responsible for the competent daily management of these Properties, which will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances which may adversely impact on the integrity of the buildings or the tenant profile of the Properties.

7. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are no contractual arrangements on the Properties other than the leases as detailed in the Detailed Reports which have a major benefit or are detrimental to the fundamental value base of the Properties.

To the best of my knowledge, there are no options in favour of any parties for any purchase of any of the Properties.

8. INTRA-GROUP OR RELATED PARTY LEASES

Having inspected tenant schedules, there are no related party leases.

9. CURRENT STATE OF DEVELOPMENT

None of the Properties are currently being developed. Note, however, that there is certain vacant land with capacity for expansion.

10. RENTALS USED IN VALUATIONS

I note that most of the Properties are all occupied and that there are very few vacancies. The current annual rentals and future annual rentals of the Properties have been calculated in a separate discounted cash flow check schedule. It is noted that there are no material rental reversions and that the rentals for all the Properties increase on average by approximately 8% compounded annually.

11. EXTERNAL PROPERTY

All of the Properties are situated within the borders of the Republic of South Africa.

12. OTHER GENERAL MATTERS AND VALUATION SUMMARY

Full valuation reports are available in respect of each of the Properties detailing tenancies, town planning, valuer's commentary, expenditure and other details. These Detailed Reports have been delivered to the Directors of Spear.

13. ALTERNATIVE USE FOR PROPERTIES

The Properties have been valued in accordance with their existing uses which represent their market values. No alternative uses for the Properties have been considered in determining their value.

14. OTHER COMMENTS

The valuations exclude any amounts of Value-added Tax, transfer duty or securities transfer duty.

15. CAVEATS

15.1 Source of information and verification

Information on the Properties regarding rental income, recoveries, turnovers and other income detail have been provided to me by the current owners and managing agents of the Properties.

I have further compared certain expenditures given to me, to the market norms of similar properties. This has also been compared to historic expenditure levels of the Properties themselves. Historical contractual expenditures and municipal utility services were compared to the past performance of the Properties in order to assess potential expenditure going forward. The municipal values placed on the Properties are currently very low. At the current transaction values there is the potential that the municipal values placed on the Properties may increase by a considerable amount, should the municipality revalue the Properties, in which event the rates could increase.

15.2 Full disclosure

The valuations contained in this summary report have been prepared on the basis that full disclosures of all information and factors which may affect the valuations, have been made to me by the Company and its management.

I have, to the best of my ability, researched the market and taken the steps detailed in paragraph 15.3 below.

15.3 Leases

The valuations are based on a review of the material terms of the leases, such as repairing obligations, escalations and break options and other pertinent details supplied to me by the current owners and managing agents of the Properties.

All recovery details in respect of the existing leases e.g. utility cost and other recoveries as provided for in the leases have been disclosed by way of the monthly tenant invoices and summary schedule supplied to us. Option terms and other lease information have been supplied to me by the current owners and managing agents of the Properties and I am familiar with such documents.

15.4 Lessee's credibility

In arriving at the valuations, cognisance has been taken of the tenant's security and rating. In some cases this has influenced the capitalisation rate by way of a risk consideration.

15.5 Mortgage bonds, loans, etc.

The Properties have been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made to the valuations for any costs of acquisition.

The valuations are detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the Company when purchasing the Properties.

15.6 Calculation of areas

All areas quoted within the Detailed Reports are those stated in the information furnished and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the current owners and managing agents of the Properties.

Updated plans were not available for all the Properties in respect of internal configuration. The Properties generally appear to have the stated square meterage which could only be more accurately determined if re-measured by a professional. The Properties have had some internal alterations which are not fully detailed on the existing plans. The reported square meterage is therefore considered to be as correct as possible, without full a re-measurement exercise being undertaken.

15.7 Structural condition

The Properties have been valued in their existing states. I have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

15.8 Contamination

The valuations assume that formal environmental assessments are not required and further that none of the Properties are environmentally impaired or contaminated, unless otherwise stated in the Detailed Reports.

15.9 Town planning

Full town planning details and title deeds have been supplied in the Detailed Reports including conditions and restrictions and the Properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the Properties.

The valuations have further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for the Properties.

There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed conditions relating to any of the Properties which infringement could decrease the value of the Properties as stated.

16. MARKET VALUE

I am of the opinion that the aggregate market value of the Properties as at 1 October 2016 is R1 392 987 853 (excluding VAT). A summary of the valuation and details of each of the Properties is attached.

To the best of my knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of this summary valuation report which would affect the valuation.

I have more than 25 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the Properties.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

MICHAEL ROBERT BARRY GIBBONS

For and behalf of Mills Fitchet Magnus Penny

Suite SG110, Ground Floor

240 Main Road

Rondebosch, 7725

NAT. DIP. PROP. VAL. MIV(SA) MRICS

Professional Valuer

(Registered without restriction in terms of The Property Valuers Act No. 47 of 2000)

SCHEDULE OF PROPERTY

No	Property name	Physical address	Registered legal description (Erf number)	Property description and use	Independent Property Valuer's inspection date	Freehold/Leasehold
2	1 Paarden Eiland	1 Industry Street, Paarden Eiland, Cape Town	Erf 17583 Cape Town at Paarden Eiland	Industrial	16/09/2016	Freehold
3	28 Marine Drive	28C Marine Drive, Paarden Eiland, Cape Town	Erf 16912 Cape Town at Paarden Eiland	Industrial	16/09/2016	Freehold
4	30 Marine Drive	30 Marine Drive, Paarden Eiland, Cape Town	Erf 17971 Cape Town at Paarden Eiland	Industrial	16/09/2016	Freehold
5	Viking Park	Viking Business Park, Cnr Viking Way & Showgrounds Avenue, Epping, Cape Town	Erf 158602 Cape Town at Epping	Industrial	19/09/2016	Freehold
6	Nampak Liquids	7 Hewett Avenue, Epping Industria II, Cape Town	Remaining Extent of Erf 103257 Cape Town at Epping	Industrial	19/09/2016	Freehold
7	Bloemhof	112 Edward Street, Bellville, Cape Town	Erf 35741 Bellville, Cape Town	Commercial	19/09/2016	Freehold
8	Omni Park	102 Edward Street, Bellville, Cape Town	Erf 31651 Bellville, Cape Town	Commercial	19/09/2016	Freehold
9	Manhattan	100 Edward Street, Bellville, Cape Town	Erf 387661 Bellville, Cape Town	Commercial	19/09/2016	Freehold
10	Sterling Place	86 Edward Street, Bellville, Cape Town	Erf 21665 Bellville, Cape Town	Commercial	19/09/2016	Freehold
11	The Forum	82 Edward Street, Bellville, Cape Town	Erf 25289 Bellville, Cape Town	Commercial	19/09/2016	Freehold
12	Distell	1 Jan Smuts Road, Parow, Cape Town	Erf 23392 Parow, Cape Town	Industrial	20/09/2016	Freehold
13	Care Cross	8 Mill Street, Newlands, Cape Town	Erf 160685 Cape Town	Commercial	21/09/2016	Freehold
14	12 Pickwick	12 Pickwick Road, Woodstock, Cape Town	Erf 14838 Cape Town at Woodstock	Industrial	20/09/2016	Freehold
15	8 Sandown	8 Sandown Road, Milnerton, Cape Town	Erf 27136 Milnerton, Cape Town	Commercial	19/09/2016	Freehold
16	12 Sandown	12 Sandown Road, Milnerton, Cape Town	Erf 27135 Milnerton, Cape Town	Commercial	19/09/2016	Freehold
17	Blackheath DC	18-24 Anfield Road, Blackheath Industria, Cape Town	Erven 879, 880, 881 & 930 Blackheath, Stellenbosch RD, Cape Town	Industrial	19/09/2016	Freehold
18	Plum Park	22 Timour Hall Road, Plumstead, Cape Town	Erf 153935 Cape Town At Plumstead	Commercial	20/09/2016	Freehold
19	Atlas Gardens	65 Silver Oak Street, Atlas Gardens, Tygerberg, Cape Town	Portions 81 & 82 of Cape Farm No. 205, Cape RD, Western Cape Province	Industrial	19/09/2016	Freehold
20	Biella Building	Bella Rosa 1, 52 Melina Street, Rosendal, Cape Town	Sections 232 & 233 SS Bella Rosa One, Bellville, Cape Town	Commercial	19/09/2016	Freehold
21	Upper Eastside Comm.	Upper Eastside Hotel, 31 Brickfield Road, Woodstock Cape Town	Multi Sections in SS Upper Eastside, Cape Town	Commercial	20/09/2016	Freehold
22	Upper Eastside Hotel	Upper Eastside Hotel, 31 Brickfield Road, Woodstock Cape Town	Multi Sections in SS Upper Eastside, Cape Town	Commercial	20/09/2016	Freehold

Tenure of leasehold	Rentable area (GLA) (m ²)	Approximate age of buildings (in years)	Building grade	Zoning, town planning and statutory contra-vention (if any)	Assumed perpetual vacancy	Income projection for the period October 2016 to September 2017	Valuation as at 1 October 2016
n/a	5 537.85	In excess of 10	Prime	None	0%	R2 631 405	R22 160 000
n/a	7 281.63	In excess of 10	Prime	None	0%	R5 061 147	R36 650 000
n/a	2 764.39	In excess of 10	Prime	None	0%	R2 279 836	R13 835 000
n/a	8 987.55	In excess of 10	Prime	None	0%	R12 367 877	R71 000 000
n/a	15 450.00	In excess of 10	Prime	None	0%	R7 055 244	R70 650 000
n/a	4 203.03	In excess of 10	Prime	None	0%	R7 471 388	R55 115 000
n/a	2 249.50	In excess of 10	Prime	None	0%	R3 387 540	R21 330 000
n/a	5 084.46	In excess of 10	Prime	None	3.5%	R10 137 888	R72 000 000
n/a	4 104.56	In excess of 10	Prime	None	0%	R6 554 198	R43 050 000
n/a	996.00	In excess of 10	Prime	None	0%	R843 404	R8 000 000
n/a	16 170.00	In excess of 10	Prime	None	0%	R7 166 560	R80 900 000
n/a	2 901.00	In excess of 10	Prime	None	0%	R6 426 342	R57 246 000
n/a	2 516.00	In excess of 10	Prime	None	0%	R2 511 301	R22 660 000
n/a	600.00	In excess of 10	Prime	None	0%	R1 008 291	R8 500 000
n/a	7 residential units of aprox 70 m ² each	In excess of 10	Prime	None	0%	R452 692	R4 580 000
n/a	22 315.00	In excess of 10	Prime	None	0%	R8 149 254	R84 500 000
n/a	2 035.25	In excess of 10	Prime	None	0%	R3 526 303	R26 963 000
n/a	9 972.00	In excess of 10	Prime	None	0%	R2 258 269	R23 525 000
n/a	1 861.00	In excess of 10	Prime	None	0%	R3 052 450	R25 500 000
n/a	4 743.70	5	Prime	None	0%	R7 606 125	R63 572 000
n/a	13 284.00	5	Prime	None	0%	R14 079 345	R165 639 353

No	Property name	Physical address	Registered legal description (Erf number)	Property description and use	Independent Property Valuer's inspection date	Freehold/Leasehold
23	Fundamental Holdings	Milnerton, Cape Town	Erven 168730, 168973 & 168974 Cape Town at Milnerton	Commercial	19/09/2016	Freehold
24	Pacivista	Pembury Lodge, Gauteng	Sections 1 to 90 in SS Pembury Lodge, Gauteng	Commercial	09/2016	Freehold
25	Arrow 1 Investments	C/o Broadway Boulevard, Strand, Cape Town	Erf 2855 Strand, Cape Town	Commercial	21/09/2016	Freehold

Spare/Vacant Properties with development rights

No	Property Name	Physical Address	Registered legal description (Erf number)	Property description and use	Independent Property Valuer's inspection date	Freehold/Leasehold	Tenure of leasehold
1	142 Bree Street	142 Bree Street, Cape Town	Erf 142181 Cape Town	Commercial	07/2016	Freehold	n/a

Tenure of leasehold	Rentable area (GLA) (m ²)	Approximate age of buildings (in years)	Building grade	Zoning, town planning and statutory contra-vention (if any)	Assumed perpetual vacancy	Income projection for the period October 2016 to September 2017	Valuation as at 1 October 2016
n/a	27 752.00	In excess of 10	Prime	None	0%	R38 451 271	R259 250 000
n/a	5 565.00	In excess of 10	Prime	None	0%	R6 485 428	R79 000 000
n/a	2 577.00	2	Prime	None	0%	R309 000	R3 862 500

Rentable area (GLA) (m ²)	Zoning, town planning and statutory contra-vention (if any)	Estimated cost of carrying out development	Income projection (R)	Valuation as 1 October 2016 in current state	Estimated value after development completed	Estimated value after completion and letting of property	Planning permission obtained (Y/N) and date permission received	Expected date of completion
21 000	None	n/a	n/a	R73 500 000	n/a	n/a	N	Unknown

DETAILS OF VENDORS

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to this **Annexure 18**.

Name of vendor	Fronsac Investments Proprietary Limited
Asset sold	Various properties in the Spear Property Trust property portfolio and shares held in the Spear Subsidiaries
Date asset originally acquired by the vendor	Between 2011 and 2016
Price paid to the vendor including transaction costs plus deferred and contingent considerations	22 312 864 Shares in Spear at R10 per Share
Effective date of disposal	1 November 2016
Address of vendor	5th Floor, Upper Eastside, 31 Brickfield Road, Salt River, Cape Town

Name of vendor	The Trustees for the time being of the Varachhia Family Trust
Asset sold	Various properties in the Spear Property Trust property portfolio and shares held in the Spear Subsidiaries
Date asset originally acquired by the vendor	Between 2011 and 2016
Price paid to the vendor including transaction costs plus deferred and contingent considerations	22 312 864 Shares in Spear at R10 per Share
Effective date of disposal	1 November 2016
Address of vendor	5th Floor, Upper Eastside, 31 Brickfield Road, Salt River, Cape Town

Name of vendor	The Trustees for the time being of the Quintin Rossi Family Trust
Asset sold	Various properties in the Spear Property Trust property portfolio and shares held in the Spear Subsidiaries
Date asset originally acquired by the vendor	Between 2011 and 2016
Price paid to the vendor including transaction costs plus deferred and contingent considerations	7 875 129 Shares in Spear at R10 per Share
Effective date of disposal	1 November 2016
Address of vendor	5th Floor, Upper Eastside, 31 Brickfield Road, Salt River, Cape Town

Name of vendor	Copper Circle Investments 9 Proprietary Limited
Asset sold	30 ordinary shares in the share capital of, and loan claims against, Pacivista
Date asset originally acquired by the vendor	Between 2011 and 2016
Price paid to the vendor including transaction costs plus deferred and contingent considerations	1 044 481 Shares in Spear at R10 per Share
Effective date of disposal	1 November 2016
Address of vendor	103 5th Street, Linden Street, Johannesburg, Gauteng, 2195

Name of vendor	Kenneth Nomlalla
Asset sold	72 ordinary shares in the share capital of, and loan claims against, Arrow Investments
Date asset originally acquired by the vendor	Between 2011 and 2016
Price paid to the vendor including transaction costs plus deferred and contingent considerations	100 000 Shares in Spear at R10 per Share
Effective date of disposal	1 November 2016
Address of vendor	M1139, Zwelitsha, Nyanga, Cape Town, 7750

Name of vendor	Azticento Proprietary Limited
Asset sold	30 ordinary shares in the share capital of, and loan claims against, Pacivista
Date asset originally acquired by the vendor	Between 2011 and 2016
Price paid to the vendor including transaction costs plus deferred and contingent considerations	1 010 961 Shares in Spear at R10 per Share
Effective date of disposal	1 November 2016
Address of vendor	Suite 4, 1 st Floor, Atholl Square, Cnr Katherine Drive & Wierda Road East, Sandown Ext 3, Sandton

Name of vendor	The Trustees for the time being of the Jenben Trust
Asset sold	15 ordinary shares in the share capital of, and loan claims against, Fundamental Holdings
Date asset originally acquired by the vendor	Between 2011 and 2016
Price paid to the vendor including transaction costs plus deferred and contingent considerations	1 000 000 Shares in Spear at R10 per Share
Effective date of disposal	1 November 2016
Address of vendor	No 12 Avenue La Croix, Fresnaye, Cape Town

Name of vendor	Leonard Samuel Sank
Asset sold	15 ordinary shares in the share capital of, and loan claims against, Fundamental Holdings
Date asset originally acquired by the vendor	Between 2011 and 2016
Price paid to the vendor including transaction costs plus deferred and contingent considerations	1 150 000 Shares in Spear at R10 per Share
Effective date of disposal	1 November 2016
Address of vendor	3 Blair Road, Camps Bay, Cape Town

PRIVATE PLACEMENT DETAILS

In addition to the information contained on the front cover and in the body of the Pre-listing Statement, the following will apply in respect of the Private Placement.

Please note: Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who subscribe for and/or purchase Private Placement Shares, the subscription and/or acquisition cost of which exceeds R1 million per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.

1. CONDITION PRECEDENT

The Listing is conditional on the achievement of a public spread of Shareholders acceptable to the JSE, being a minimum of 10% of the issued share capital of the Company being held by the public. Should the Condition Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the Condition Precedent.

2. DETAILS OF THE PRIVATE PLACEMENT

- 2.1 The Private Placement is open to Invited Investors only.
- 2.2 The Private Placement Shares issued in terms of the Private Placement will be allotted subject to the provisions of the MOI and will rank *pari passu* in all respects including distributions, with all existing issued Shares in the Company.
- 2.3 There are no convertibility or redemption provisions relating to any Shares.
- 2.4 The Private Placement Shares will only be issued in Dematerialised form or through a statement of allocation until such time as they can be issued in Dematerialised form. No Private Placement Shares will be issued as Certificated Shares.
- 2.5 No fractions of Private Placement Shares will be offered in terms of the Private Placement.
- 2.6 The Private Placement will not be underwritten.

3. PROCEDURES FOR ACCEPTANCE

- 3.1 Invited Investors are to provide PSG Capital, the Bookrunner, with their completed Application Form by 17:00 on Friday, 4 November 2016. Invited Investors will be informed of their allocated Private Placement Shares, if any, by Monday, 7 November 2016. Invited Investors must make the necessary arrangements to enable their CSDP or Broker, as the case may be, to make payment for the allocated Private Placement Shares on settlement date. The allocated Private Placement Shares will be issued, on a "delivery-versus-payment" basis, to successful applicants on the settlement date, which is expected to be Friday, 11 November 2016.
- 3.2 Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who subscribe for and/or purchase Private Placement Shares, the subscription and/or acquisition cost of which exceeds R1 million per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.
- 3.3 The following persons may not participate in the Private Placement:
 - 3.3.1 any person who does not fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who does not subscribe for and/or purchase Private Placement Shares, the subscription and/or acquisition cost of which exceeds R1 million acting as principal (as contemplated in section 96(1)(b) of the Companies Act);
 - 3.3.2 any person who may not lawfully participate in the Private Placement; and/or
 - 3.3.3 any investor who has not been invited to participate.
- 3.4 No applications will be accepted after 17:00 on Friday, 4 November 2016.
- 3.5 Applications submitted by Invited Investors are irrevocable and may not be withdrawn once received by PSG Capital.
- 3.6 Application Forms must be completed in accordance with the provisions of this Pre-listing Statement and the instructions contained in the Application Form, which is attached to this Pre-listing Statement (*grey*).
- 3.7 Copies or reproductions of the Application Form will be accepted at the discretion of the Directors.
- 3.8 Any alterations on the Application Form must be authenticated by full signature.
- 3.9 Receipts will not be issued for applications, application monies or supporting documents received.
- 3.10 Each application will be regarded as a single application.
- 3.11 Other than as detailed in the Application Form, no documentary evidence of capacity to apply need accompany the Application Form, but the Company reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the Company or the Transfer Secretaries or returned to the applicant at the applicant's risk.

4. **ISSUE AND ALLOCATION OF THE PRIVATE PLACEMENT SHARES**

- 4.1 All Private Placement Shares subscribed for in terms of the Private Placement will be issued at the expense of the Company.
- 4.2 It is intended that notice of the allocations will be given by Monday, 7 November 2016.
- 4.3 Successful applicants' accounts with their CSDP or Broker will be credited with the allocated Private Placement Shares on the settlement date, being Friday, 11 November 2016, or such other date as advised by the Company, on a "delivery-versus-payment" basis.

5. **PAYMENT AND DELIVERY OF THE PRIVATE PLACEMENT SHARES**

- 5.1 No payment should be submitted with the Application Form delivered to the Bookrunner, PSG Capital. Applicants must make the necessary arrangements to enable their CSDP or Broker to make payment for the allocated Private Placement Shares on the settlement date, which is expected to be Friday, 11 November 2016, in accordance with each applicant's Custody Agreement with their CSDP or Broker.
- 5.2 The allocated Private Placement Shares will be transferred, on a "delivery-versus-payment" basis, to successful applicants on the settlement date, which is expected to be Friday, 11 November 2016.
- 5.3 The applicant's CSDP or Broker must commit to Strate to the receipt of the applicant's allocation of Private Placement Shares against payment on Friday, 11 November 2016.
- 5.4 On the settlement date, the applicant's allocation of Private Placement Shares will be credited to the applicant's CSDP or Broker against payment during the Strate settlement runs, prior to the opening of the market.
- 5.5 The CSDP or Broker concerned will receive and hold the Dematerialised Private Placement Shares on the applicants' behalf.
- 5.6 The above dates and times are subject to change. Any change will be notified to applicants, who will be required to adhere to such changed dates and times.

6. **REPRESENTATION**

- 6.1 Any Invited Investor applying for or accepting the Private Placement Shares in the Private Placement shall be deemed to have represented to the Company that such investor was in possession of a copy of this Pre-listing Statement at that time.
- 6.2 Any Invited Investor applying for or accepting the Private Placement Shares in the Private Placement shall be deemed to have warranted and undertaken to the Company that such investor is a person falling within the categories envisaged in section 96(1)(a) of the Companies Act or that such investor's placement consideration will be above the amount prescribed in terms of section 96(1)(b) of the Companies Act, and that such investor is therefore entitled to participate in the Private Placement.
- 6.3 Any party applying for or accepting Private Placement Shares on behalf of another investor shall be deemed to have represented to the Company that they are duly authorised to do so and warrant that they and the purchaser for whom they are acting as agent are duly authorised to do so in accordance with all relevant laws and such investor guarantees the payment of the Placement Price and that a copy of this Pre-listing Statement was in the possession of such investor for whom they are acting as agent.

7. **APPLICABLE LAW**

The Private Placement, applications, allocations and acceptances will be exclusively governed by the laws of South Africa and each Invited Investor will be deemed, by applying for Private Placement Shares, to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Private Placement.

8. **STRATE**

- 8.1 Shares may be traded only on the JSE in electronic form (as Dematerialised Shares) and will be trading for electronic settlement in terms of Strate immediately following the Listing.
- 8.2 Strate is a system of "paperless" transfer of securities. If you have any doubt as to the mechanics of Strate please consult your Broker, CSDP or other appropriate adviser and you are referred to the Strate website (<http://www.strate.co.za>) for more detailed information.
- 8.3 Some of the principal features of Strate are:
 - 8.3.1 electronic records of ownership replace certificates and physical delivery of certificates;
 - 8.3.2 trades executed on the JSE must be settled within three business days;
 - 8.3.3 all investors owning Dematerialised Shares or wishing to trade their securities on the JSE are required to appoint either a Broker or a CSDP to act on their behalf and to handle their settlement requirements; and
 - 8.3.4 unless investors owning Dematerialised Shares specifically request their CSDP to register them as an "own-name" holder (which entails a fee), their respective CSDP's or Broker's nominee company holding shares on their behalf, will be the holder (member) of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or Broker (or the CSDP's or Broker's nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or Broker (or the CSDP's or Broker's nominee company), as to how it wishes to exercise the rights attaching to the shares and/or to attend and vote at shareholder meetings.

9. **OVER-APPLICATION**

- 9.1 In the event of an over-application for Private Placement Shares, the Board shall, in its sole discretion, determine an appropriate allocation mechanism, such that the Private Placement Shares will be allocated on an equitable basis. In considering same, the Board will also take into account the spread requirements of the JSE, the liquidity of the Shares and consider the potential shareholder base that the Board wishes to achieve.
- 9.2 Depending upon the level of demand, Invited Investors may receive no Private Placement Shares or fewer than the number of Private Placement Shares applied for. Any dealing in Shares prior to delivery of the Private Placement Shares is entirely at the Invited Investor's own risk.

10. **RESERVATION OF RIGHTS**

- 10.1 The Directors may, in their sole and absolute discretion, increase or decrease the number of Private Placement Shares offered in terms of the Private Placement and the amount sought to be raised.
- 10.2 The Directors reserve the right to accept or refuse any applications, either in whole or in part, or to abate any or all applications (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine.



SPEAR

REIT LIMITED

SPEAR REIT LIMITED
(previously Arrow 2 Investments Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2015/407237/06)
(Share Code: SEA, ISIN ZAE000228995)
("Spear" or "the Company")

PRIVATE PLACEMENT APPLICATION FORM

The definitions and interpretations commencing on page 7 of the pre-listing statement to which this Application Form is attached ("Pre-listing Statement") apply mutatis mutandis to this Application Form.

This Application Form should be read in conjunction with the Pre-listing Statement.

TO BE COMPLETED BY INVITED INVESTORS ONLY

The Company is, in conjunction with the Listing, undertaking the Private Placement, involving an offer to Invited Investors to subscribe for and/or purchase Private Placement Shares in the Company at the Placement Price of R9 per Private Placement Share, such placement to be implemented by the Company issuing up to 12 500 000 Private Placement Shares and the Founders selling up to 1 612 000 Shares to Invited Investors.

Successful applicants will be advised of their allocations of Private Placement Shares by Monday, 7 November 2016, with the allocated Private Placement Shares thereafter being transferred, on a "delivery-versus-payment" basis, to successful applicants on the settlement date, which is expected to be Friday, 11 November 2016.

Invited Investors are referred to the terms of the Private Placement, as detailed in the Pre-listing Statement and, in particular, in Annexure 19 thereto.

In addition, please refer to the instructions overleaf before completing this Application Form.

Dematerialised Shares

The allocated Private Placement Shares will be transferred to successful applicants in Dematerialised form or through a statement of allocation until such time as they can be issued in Dematerialised form. Accordingly, all successful applicants must appoint a CSDP directly, or a Broker, to receive and hold the Dematerialised Shares on their behalf. Should a Shareholder wish to obtain a physical share certificate for its Shares, it may do so following the Listing and should contact its CSDP or Broker in this regard.

As allocated Private Placement Shares will be transferred to successful applicants on a delivery-versus-payment basis, payment will be made by your CSDP or Broker on your behalf.

Invited Investors should complete this Application Form in respect of the Private Placement and hand deliver or email it to:

If delivered by hand or by courier:

Attention: David Tosi

PSG Capital Proprietary Limited

1st Floor, Ou Kollege

35 Kerk Street

Stellenbosch, 7600

If emailed:

davidt@psgcapital.com

If submitted through a CSDP or Broker, this Application Form must be stamped and signed by an applicant's CSDP or Broker.

This Application Form must be received by no later than 17:00 on Friday, 4 November 2016.

Invited Investors must contact their CSDP or Broker and advise them that they have submitted the Application Form as instructed above. Pursuant to the application, Invited Investors must make arrangements with their CSDP or Broker for payment to be made as stipulated in the agreement governing their relationship with their CSDP or Broker, in respect of the Private Placement Shares allocated to them in terms of the Private Placement by the settlement date, expected to be Friday, 11 November 2016.

Condition Precedent

The Listing is conditional on the achievement of a public spread of Shareholders acceptable to the JSE, being a minimum of 10% of the issued share capital of the Company being held by the public. Should the Condition Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the Condition Precedent.

Applications per Invited Investor in terms of the Private Placement must be for an amount of not less than R1 million.

To the Directors:

SPEAR REIT LIMITED

1. I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the Pre-listing Statement, hereby irrevocably apply for and request you to accept my/our application for the undermentioned value to subscribe for and/or purchase Private Placement Shares at the Placement Price under the Private Placement as set out in the Pre-listing Statement and subject to the terms and conditions set out therein and that may, in your absolute discretion, be allocated to me/us, subject to the MOI of Spear.
2. I/We wish to receive my/our allocated Private Placement Shares in Dematerialised form and will deliver this Application Form to PSG Capital Proprietary Limited, and will provide appropriate instructions to my/our CSDP or Broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my/our relationship with my/our CSDP or Broker, as the case may be. I/We accept that payment in respect of this application will be, in terms of the Custody Agreement entered into between me/us and my/our CSDP or Broker, as the case may be, on a delivery-versus-payment basis.

3. I/We understand that the Listing and Private Placement are subject to the Condition Precedent detailed in the Pre-listing Statement and in this Application Form and that, should the Condition Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and that I/we will not have any claim whatsoever against the Company or any other person as a result of the failure of the Condition Precedent.

Signature	Date	2016
Telephone number	Cell phone number	
Assisted by (where applicable)		

Surname of individual or name of corporate body	Mr
	Mrs
	Miss
	Other title
Full names (if individual)	
Postal address (preferably PO Box address)	
	Postal code
Telephone number	
Cell phone number	
Email address	
Rand value of Private Placement Shares applied for	R (enter figures only, not words)

Required information must be completed by CSDP or Broker* with their stamp and signature affixed hereto.

CSDP name	
CSDP contact person	
CSDP contact telephone number	
SCA or bank CSD account number	
Scrip account number	
Settlement bank account number	
Stamp and signature of CSDP or Broker	

Note:

* If an applicant has more than one account, please attach a separate schedule with all relevant details.

This application will constitute a binding legal contract between Spear and the applicant. Application Forms will not be accepted unless the above information has been furnished.

Instructions

- Applications are irrevocable and may not be withdrawn once submitted.
- CSDP's and Brokers will be required to retain a copy of this Application Form for presentation to the Directors, if required.
- Applicants should consult their Broker or other professional adviser in case of doubt as to the correct completion of this Application Form.
- Applicants need to have appointed a CSDP or Broker and must advise their CSDP or Broker in terms of the Custody Agreement entered into between them and their CSDP or Broker. Payment will be made on a delivery-versus-payment basis.
- No payment should be submitted with this Application Form to Spear or PSG Capital.
- If payment is dishonoured, or not made for any reason, Spear may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
- No receipts will be issued for Application Forms, application monies or any supporting documentation.
- All alterations on this Application Form must be authenticated by full signature of the applicant and his CSDP or Broker.
- As allocated Private Placement Shares are being transferred to successful applicants on a delivery-versus-payment basis, no payment will be required to be made if the Private Placement or the Listing is not successful.

PLEASE REFER TO THE DETAILED TERMS AND CONDITIONS OF THE PRIVATE PLACEMENT, AS SET OUT IN PARAGRAPH 11 OF THE PRE-LISTING STATEMENT AND IN ANNEXURE 19 THERETO.

