



APPENDIX 1 – ADOPTION OF SAREIT BEST PRACTICE RECOMMENDATIONS

The principles encompassed in the calculations below are aligned with Best Practice Recommendations (“BPR”) by the SA REIT Association (“SAREIT”) published in 2019 and do not comply with IFRS. The BPR is only effective for financials year-ends commencing on or after 1 January 2020. Spear’s executive committee elected to early adopt the BPR in the prior financial year ended 29 February 2020.

RECONCILIATION BETWEEN EARNINGS AND DISTRIBUTABLE EARNINGS

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

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

SA REIT FUNDS FROM OPERATIONS (SA REIT FFO) PER SHARE

	R'000
Profit or loss per IFRS Statement of Comprehensive Income (SOCl) attributable to the parent	53 008
Adjusted for:	
Accounting/specific adjustments:	75 049
Fair value adjustments to investment property	106 404
Asset impairments (excluding goodwill) and reversals of impairment	119
Deferred tax movement recognised in profit or loss	764
Straight-lining operating lease adjustment	(32 238)
Other adjustments:	1 253
Antecedent earnings adjustment *	1 253
SA REIT FFO	129 309
* In the determination of distributable earnings, the group elects to make an adjustment for the antecedent distribution arising as a result of the following:	
– Dividend reinvestment programme completed in November 2020 – Total shares issued: 7 305 717	
– Acquisition of minority holding in subsidiary, Spear One Proprietary Limited – Total shares issued: 1 533 333	
Company-specific adjustments	19 418
IFRS 2 expense – CSP awards with future vesting and issue date	11 891
Provisional tax paid on retained income for the period	7 527
TOTAL DISTRIBUTABLE COMPANY FFO	148 727

	Cents per share	R'000
Interim distributable income per share (DIPS)	36.68	73 222
Final DIPS	36.70	75 505
TOTAL DISTRIBUTABLE INCOME PER SHARE	73.38	148 727
FINAL PAY-OUT RATIO FOR FINANCIAL YEAR	80%	
Number of shares outstanding at the end of interim period (net of treasury)	199 619 857	
Final number of shares outstanding at the end of period (net of treasury)	205 733 231	
Interim company dividend per share (DPS)	29.34	58 578
Final company DPS	29.36	60 403
TOTAL COMPANY DPS	58.70	118 981
Taxable retained earnings		29 746

Provisional tax on retained earnings paid in February 2021 (refer to company-specific adjustments).

APPENDIX 1 (CONTINUED)

DIVIDEND DECLARED AND DIVIDEND PER SHARE

Total distributions for the period – 2021	Cents per share	R'000
Interim distribution declared on 30 October 2020 (Distribution number 8)	29.34	58 578
Final distribution declared on 14 May 2021 (Distribution number 9)	29.36	60 403
TOTAL DISTRIBUTIONS FOR THE PERIOD ENDED 28 FEBRUARY 2021	58.70	118 981
Total distributions for the period – 2020	Cents per share	R'000
Interim distribution declared on 17 October 2019 (Distribution number 6)	44.64	91 858
Final distribution declared on 14 May 2020 (Distribution number 7)	47.02	94 239
TOTAL DISTRIBUTIONS FOR THE PERIOD ENDED 29 FEBRUARY 2020	91.66	186 098

SA REIT NET ASSET VALUE (SA REIT NAV)

	February 2021 R'000	February 2020 R'000
Reported NAV attributable to the parent	2 372 257	2 447 203
Adjustments:		
Dividend declared and 100% cash-settled	(60 403)	(94 239)
Deferred tax	(6 179)	(6 942)
SA REIT NAV	A 2 305 675	2 346 022
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	205 733 231	200 433 926
Dilutive number of shares in issue	B 205 733 231	200 433 926
SA REIT NAV PER SHARE	A/B 11.21	11.70

SA REIT COST-TO-INCOME RATIO

	February 2021 R'000	February 2020 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	160 925	156 889
Administrative expenses per IFRS income statement	26 665	28 883
Other expenses, if directly related to property operations, with clear explanations of these items		
Depreciation	11 754	7 297
<i>Exclude:</i>		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(667)	(126)
Operating costs	A 198 677	192 945
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	378 716	389 332
Utility and operating recoveries per IFRS income statement	120 284	114 462
Gross rental income	B 498 999	503 794
SA REIT COST-TO-INCOME RATIO (%)	A/B 39.82	38.30



SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

		February 2021 R'000	February 2020 R'000
Expenses			
Administrative expenses as per IFRS income statement		26 665	28 883
Other identified administrative expenses, with clear explanations of these items		667	126
Depreciation		667	126
Administrative costs	A	27 332	29 009
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)		378 716	389 332
Utility and operating recoveries per IFRS income statement		120 284	114 462
Gross rental income	B	498 999	503 794
SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO (%)	A/B	5.48	5.76

SA REIT GLA VACANCY RATE

		February 2021 m ²	February 2020 m ²
Gross lettable area of vacant space	A	27 949	12 570
Gross lettable area of total property portfolio	B	453 458	436 436
SA REIT GLA VACANCY RATE (%)	A/B	6.16	2.88

COST OF DEBT

		February 2021 %	February 2020 %
<i>Variable interest rate borrowings</i>			
Prime – Floating reference rate less weighted average margin		5.78	8.46
3-month JIBAR – Floating reference rate plus weighted average margin		5.64	8.12
<i>Fixed-interest-rate borrowings</i>			
Weighted average fixed-rate		8.66	8.99
Pre-adjusted weighted average cost of debt:	A	7.26	8.75
Adjustments:			
Impact of interest rate derivatives	B	–	–
Impact of cross-currency interest rate swaps	C	–	–
Amortised transaction costs imputed into the effective interest rate	D	–	–
ALL-IN WEIGHTED AVERAGE COST OF DEBT		7.26	8.75

SA REIT LOAN-TO-VALUE (SA REIT LTV)

		February 2021 R'000	February 2020 R'000
Gross debt		2 105 248	1 711 422
Less:			
Cash and cash equivalents		(32 340)	(24 294)
Net debt	A	2 072 908	1 687 128
Total assets – per Statement of Financial Position		4 583 887	4 301 966
Less:			
Cash and cash equivalents		(32 340)	(24 294)
Deferred taxation		(6 179)	(6 942)
Trade and other receivables		(19 918)	(13 626)
Carrying amount of property-related assets	B	4 525 450	4 257 104
SA REIT LTV (%)	A/B	45.81	39.63