NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008, as amended.

The financial statements have been prepared on the historical cost basis, except where otherwise noted, and incorporate the principal accounting policies set out below. They are presented in South African Rands and are consistent with the prior financial year.

It is company policy to report net asset value per share in the annual financial statements.

1.2 USE OF JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in accordance with IFRS requires management to exercise its judgement in the process of applying the group's accounting policies and make estimates and assumptions concerning the future. The most significant judgements, estimates and assumptions that may have a material impact on the financial statements are as follows:

1.2.1 Areas of estimation uncertainty

Valuation of investment property

The board has used the best available evidence to determine the fair value of investment properties as set out in note 28 to the financial statements.

This includes current market prices for properties with similar characteristics and leases and cash flow projections. As the available information is not directly comparable to the properties within the group, the amounts are determined within a reasonable range of fair value.

The principal assumptions underlying the board's estimation of fair value are disclosed in note 28 and include the receipt of contracted rentals, lease renewals, maintenance requirements, operational costs and appropriate discount and capitalisation rates.

1.2.2 Areas of significant judgement

Acquisition of subsidiaries that hold properties

Where the group obtains control of entities that own investment properties, or when the group acquires properties or a group of properties collectively, an evaluation is performed as to whether such acquisitions should be accounted for as business combinations or acquisitions in terms of IAS 40 Investment Properties.

An acquisition is not considered to be a business combination if the definition of a business combination is not met.

Management concluded that all acquisitions of properties in the current financial year were not business combinations. Therefore these were accounted for in terms of IAS 40 Investment Properties.

Other areas of significant judgement and estimations

	Note
• Computation of equity-settled share-based payment	29
• Expected credit loss provision for trade receivables	12
• Expected credit loss provision for financial assets	10

1.3 CONSOLIDATION

Subsidiaries

Subsidiaries are entities (including structured entities) over which the group has control. Control exists when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to govern the financial and operating policies thereof. Subsidiaries are consolidated from the date on which control passes to the group and are deconsolidated from the date that control ceases.

The acquisition method is used to account for business combinations.

Company financial statements

The company's investments in subsidiary companies are carried at cost (including transaction costs) less impairment losses.

1.4 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors on the board, which comprises the two executive directors and two executive public officers. The Executive Committee allocates resources and assesses the performance of the operating segments of the group.

1.5 FINANCIAL INSTRUMENTS

Financial instruments include the following:

	Note
• Loans to related parties	11
• Trade and other receivables	12
• Cash and cash equivalents	13
• Trade and other payables	15
• Financial assets	10
• Financial liabilities	7

The classification of financial instruments depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows for financial liabilities, classified according to the reason they were acquired.

At initial recognition, the company measures its financial instruments at its fair value.

Subsequent measurement of the financial instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset or the reason for acquiring the liability. The company classifies its financial instruments as carried at amortised cost except for derivatives, which are held at fair value through profit and loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Interest expense from these financial liabilities is included in finance expense using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the statement of profit or loss.

Impairment of financial assets

A forward-looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk:

- For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month expected credit loss)
- For credit exposures with significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss)
- Default event occurred, lifetime expected credit losses are recognised and interest income is only earned on the net balance.

Significant increase in credit risk and default are defined in note 5, Risk Management.

For trade receivables, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Twelve-month expected credit losses are recognised as the financial instruments have not deteriorated significantly in credit quality since initial recognition. Twelve-month expected credit losses are a portion of the lifetime expected credit losses. They are calculated by multiplying the probability of a default occurring on the instrument in the next 12 months by the total (lifetime) expected credit losses that would result from that default. They are not the expected shortfalls over the next 12 months.

The company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Refer to note 5, Risk Management for details of the default event of each financial instrument class.

Derivative financial instruments

Derivatives at fair value through profit and loss comprise of interest rate swaps and are either assets or liabilities and are classified as non-current due to the maturity of the carrying amount.

Purchases and settlements of derivative financial instruments are initially recognised on the trade date at fair value and are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in fair value adjustments in profit and loss.

The group does not apply hedge accounting and does not enter into derivative contracts for trading or speculative purposes.

1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the group's non-financial assets are reviewed for indicators of impairment at each reporting date. Where such indicators exist, the asset recoverable amount is estimated.

Where the carrying value of an asset exceeds its estimated recoverable amount, the carrying value is impaired and the asset is written down to its recoverable amount.

1.7 INVESTMENT PROPERTY

Investment property consist of property held by the group to earn rental income and capital appreciation, which is not occupied by the group.

Investment property includes property under construction/development. Investment property under construction is measured at fair value. Where the fair value of the property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date the fair value becomes reliably measurable.

Investment property is initially measured at cost, which includes any directly attributable transaction costs.

Certain costs relating to the asset are capitalised after the investment property has been recognised. Investment property is subsequently measured at fair value and all movements in fair value are recognised in profit or loss. The directors determine the fair value of investment property at each reporting period. In addition, external valuations are obtained as deemed appropriate and each property is externally valued at least once every three years.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are expensed as incurred.

1.8 INVESTMENT PROPERTY HELD FOR SALE

The following conditions must be met for an asset or disposal group to be classified as held for sale:

- Management is committed to a plan to sell
- The asset is available for immediate sale
- An active programme to locate a buyer is initiated
- The sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)
- The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- Actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

Once a plan to dispose is initiated, the property is classified as held for sale in terms of IFRS 5.

A property can be available for immediate sale even though it still has a tenant occupying it.

The lease will then be transferred to the new owners. Sales are initiated either directly with us or through a broker.

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

1.8 INVESTMENT PROPERTY HELD FOR SALE (CONTINUED)

Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset will be measured in accordance with applicable IFRSs. Resulting adjustments are also recognised in accordance with applicable IFRSs.

Investment property will continue to be measured in accordance with the IAS 40 measurement principle.

1.9 IFRS 16 LEASES

Where a company in the group is the lessor

The group enters into lease agreements as a lessor with respect to its investment properties.

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the group applies IFRS 15 to allocate the consideration under the contract to each component.

Covid-19-related rent concessions

Generally, when a lessor determines how to recognise operating lease income over the lease term, the time value of money is not reflected in the calculation. If Spear granted a concession that affects the timing of payments, but not the nominal cash flows, and the concession is a lease modification, then the change in timing will not result in a change in operating lease income. This is because the allocation of total consideration to the discrete periods in the lease term does not generally consider the time value of money. The lease deferral may affect the expected credit loss recorded by the lessor as allowing the tenant additional time to pay the total consideration may reduce Spear's total credit losses.

In terms of recognition of income for tenants with no rental relief agreed and implemented, IFRS 16 does not require some threshold of collectability to be assessed before operating lease income may be recognised. Although an operating lessor will typically recognise operating lease income on a straight-line basis in accordance with IFRS 16.81, the standard does not contain specific requirements that apply when there is collection uncertainty. Spear thus followed the below approach.

The recognition of operating lease income would cease when the lease contract is no longer in force, for example, if the lessor exercises its contractual right to evict a tenant on account of payment delinquency. Support for this approach in accordance with the requirements of IFRS 16 links to IFRS 16.81 (above) and the fact that IFRS 16 does not require a collectability criterion to be met in order for operating lease income to be recognised.

Where a company in the group is the lessee

The group, as a lessee and when considered material, recognises right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. After the adoption of IFRS 16, the group recognised a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities and no longer recognised an operating lease expense for these leases. For non-material leases, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

1.10 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recognised at cost, which includes all expenditure that is directly attributable to the acquisition of the asset.

Subsequently, all property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment. The depreciable amount of assets is depreciated on a straight-line basis, from the date they are ready for use in the manner that management intended. The depreciation rates take into account the estimated useful life and residual values of the individual items, as follows:

• Computer equipment	3 years
• Furniture and fixtures	6 years
• Motor vehicles	5 years

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date.

If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

1.11 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction in the share capital.

Treasury shares are acquired in the open market and the cost of such shares are recognised within equity.

1.12 REVENUE

Revenue from lease agreements – IFRS 16

Revenue comprises of contractual rental income and tenant recoveries. It excludes value-added tax ("VAT").

Contractual rental income is recognised on a straight-line basis over the term of the lease taking into account fixed escalation clauses. The recognition of straight lining impact does not affect distributable earnings.

Tenant recoveries are recognised as they are earned in line with the contractual rights in the leases.

Rental income received in advance is recognised as a current liability as part of trade and other payables in the statement of financial position.

Other income comprises of leasing fees, development fee income, rental loss insurance claims and distribution refunds and is exclusive of VAT. Development fee income is recognised as services are delivered on a monthly basis. Rental loss insurance claims are recognised as revenue to match the discount provided to each affected tenant. Distribution refund consists of distributions received by a seller of a property for which they received part equity as settlement consideration and they shared in distributions relating to the period before the date of transfer of the property to the group and it was contractually agreed that the distribution will be refunded for that period before transfer. Leasing fees are recognised when a new lease is entered into.

1.13 EMPLOYEE BENEFITS

Short-term employee benefits

Wages, salaries, paid leave and other costs of short-term employee benefits are recognised as employee benefit expenses in profit or loss in the period in which the services are rendered.

Short-term incentives

An expense is recognised in profit and loss and an accrual is raised in the statement of financial position relating to short-term bonuses where such payments can be contractually determined or an obligation has arisen from past events.

Employee share scheme

Conditional Share Plan

The group implemented and had a Conditional Share Plan ("CSP") approved by shareholders. The plan is classified as an equity-settled share-based payment plan, under which it receives services from employees as consideration for equity instruments of the company.

Beneficiaries of the plan will be executives, management and employees recommended by the remuneration committee. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense on a straight-line basis over the vesting period, with a corresponding recognition in the share-based payment reserve.

The total amount expensed to profit or loss is determined by reference to the fair value rights to equity instruments granted, including any market performance conditions and excluding the impact of any non-market performance vesting conditions. Non-market performance vesting conditions are included in assumptions regarding the number of shares granted that are expected to vest. At the end of each reporting period, the group revises its estimates of the number of shares granted that are expected to vest and recognises the impact of any changes in profit or loss with a corresponding adjustment to equity.

The effect of all conditional shares granted is taken into account when calculating diluted earnings and diluted headline earnings per share.

Refer to note 29 for a description of the terms, the estimates used in the valuation and the accounting measurement and disclosure requirements.

1.14 INCOME TAX

The income tax expense for the period comprises current and deferred income tax and is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it will also be recognised in other comprehensive income or directly in equity as applicable. The company is a Real Estate Investment Trust ("REIT") and all subsidiaries in the group are "controlled companies" (as defined in the Income Tax Act). After deducting "qualifying distributions" from taxable income, income tax is payable on the income retained within the group and not distributed as a "qualifying distribution".

Deferred income tax is recognised, using the liability method, based on the temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

1.15 FINANCE INCOME AND FINANCE COSTS

Finance income

Finance income comprises interest earned on positive bank balances and short-term investments in an annex bond facility (notes 13 and 7).

Interest is recognised in profit or loss using the effective interest rate method.

Finance costs

Finance costs comprise interest accrued on financial liabilities and finance leases.

1.16 BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or development of qualifying assets, are capitalised as part of the cost of these assets until they are substantially ready for their intended use. Qualifying assets are those which necessarily take a substantial period of time to get ready for their intended use.

Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. The capitalisation rate is arrived at with reference to the actual rate for borrowings incurred for the specific asset or the weighted average cost of borrowings where the development is financed out of general funds.

All finance costs which are not capitalised are recognised in profit or loss.

1.17 DIVIDEND DISTRIBUTION

Funds from operations is a measure of sustainable income and is determined in line with best practices as issued by the SA REIT Association guidelines. Dividend distributions are recognised as a liability in the statement of financial position in the period in which the dividends are declared. This is not in the reporting period to which the dividend relates.

2. NEW STANDARDS AND INTERPRETATIONS

At the date of approval of these consolidated and separate financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's consolidated and separate financial statements.

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT PERIOD

In the current period, the company has adopted standards and interpretations that are effective for the current financial period and that are relevant to its operations. Where they did not have a material effect on the company's consolidated and separate financial statements it was therefore not being detailed further.

	Date effective
IFRS 3 Business Combinations	1 January 2020
IFRS 7 and 9 Financial Instruments: Disclosures & IAS 39 Financial Instruments: Recognition and Measurement	1 January 2020
IAS 1 Presentation of Financial Statements & IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
IBOR Reform and its Effects on Financial Reporting – Phase 1	1 January 2020
IFRS 16 Leases (Amendment – Covid-19-related Rent Concessions)	1 June 2020

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

2.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AT 28 FEBRUARY 2021

The company has chosen not to early adopt standards and interpretations which have been published, but that are not yet effective in the current financial year.

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

New and amended IFRS standards	Summary of the new amended standard	Annual period beginning on or after	Impact on the group
IBOR Reform and its Effects on Financial Reporting – Phase 2	In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These amendments complement those made in 2019 ("IBOR – Phase 1") and focus on the effects on entities when an existing interest rate benchmark is replaced with a new benchmark rate as a result of the reform.	1 January 2021	Assessed to have little impact/ change to the current treatment
Annual Improvements to IFRS: 2018-2020 Cycle	In May 2020, the IASB issued minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.	1 January 2022	Assessed to have little impact/ change to the current treatment
Conceptual Framework for Financial Reporting (Amendments to IFRS 3)	In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.	1 January 2022	Assessed to have little impact/ change to the current treatment
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	In May 2020, the IASB issued amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will be loss-making and is therefore recognised as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.	1 January 2022	Assessed to have little impact/ change to the current treatment
IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use)	In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognise such sales proceeds and any related costs in profit or loss.	1 January 2022	Assessed to have little impact/ change to the current treatment
IFRS 17 Insurance Contracts	IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS) accounting approaches to continue to be followed. IFRS 17 will result in significant changes for many insurers, requiring adjustments to existing systems and processes.	1 January 2023	Assessed to have little impact/ change to the current treatment

New and amended IFRS standards	Summary of the new amended standard	Annual period beginning on or after	Impact on the group
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)	In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments initially had an effective date of 1 January 2022, however, in July 2020 this was deferred until 1 January 2023 as a result of the Covid-19 pandemic. At the IFRS Interpretations Committee's December meeting, the committee discussed the amendments due to feedback from stakeholders, which indicated that the requirements of the amendments may be unclear. These amendments are expected to have a significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings.	1 January 2023	Assessed to have little impact/ change to the current treatment

3. EARNINGS PER SHARE

This note provides the obligatory information in terms of IAS 33 Earnings Per Share and SAICA Circular 1/2019 for the group and should be read in conjunction with Appendix 1, where earnings are reconciled to company funds from operations ("company FFO"). Company FFO determines the dividend declared to shareholders, which is a meaningful metric for a stakeholder in a REIT.

3.1 BASIC EARNINGS PER SHARE

		Group	
		2021	2020
Shares in issue		**Number of shares**	Number of shares
Number of shares in issue at the end of the period net of treasury shares		**205 733 231**	200 433 926
Weighted average number of shares in issue		**208 003 843**	200 554 965
Diluted weighted average number of shares in issues		**208 003 843**	180 427 720
Basic earnings per share			
Earnings (profit attributable to owners of the parent)	(R'000)	**53 008**	207 305
Basic earnings per share	(cents)	**25.48**	103.37
Diluted earnings per share	(cents)	**25.48**	103.37

3.2 HEADLINE EARNINGS PER SHARE

	Group	
	2021	2020
Reconciliation between basic earnings and headline earnings	**R'000**	R'000
Earnings (profit attributable to owners of the parent)	**53 008**	207 305
	Gross	Gross
Adjusted for:		
Fair value adjustments to investment properties	**106 404**	(9 326)
Impairment of investments	**119**	750
Taxation on items	**–**	–
Headline earnings	**159 531**	198 729
Headline earnings per share	**Cents**	Cents
Headline earnings per share	**76.70**	99.09
Diluted headline earnings per share	**76.70**	99.09

4. SEGMENT INFORMATION

Property segment information

Segments are reported in a manner that is consistent with the internal reporting provided to the executive committee, which comprises the two executive directors and two public officers. The executive committee regularly reviews the operating results of the group's operating segments which is based on its strategic nature of investment properties:

- Industrial
- Commercial
- Retail
- Hospitality
- Development
- Non-property

The segments derive their revenue primarily from rental income from leases.

All treasury functions, corporate costs and other expenses that are not specifically attributable to individual properties are included in the "Non-property" segment.

The measurement of results reviewed by the executive committee is consistent with those presented in the consolidated and separate financial statements and the only reconciling item with the results and total assets and liabilities of the group is the effect of the straight-lining of leases.

The segment information for the group for the year ended 28 February 2021 is set out below.

	Group						
	Industrial R'000	Commercial R'000	Retail R'000	Hospitality R'000	Non-property R'000	Development R'000	Total R'000
Segment revenue	163 610	240 743	78 704	15 206	737	–	498 999
Straight-lining of leases	5 979	12 626	6 235	7 398	–	–	32 238
Profit from operations	61 387	206 929	(13 086)	(7 240)	(34 771)	(17)	213 202
Fair value adjustments	(49 680)	29 441	(70 184)	(15 981)	–	–	(106 404)
Net property operating profit	111 886	185 092	59 153	9 349	(21 816)	(17)	343 648
Finance income	617	395	816	37	3 947	97	5 909
Finance costs	(27 737)	(80 708)	(10 937)	(6 180)	(28 274)	–	(153 836)
Investment property	1 144 637	2 203 707	604 501	420 400	–	–	4 373 245
Investment property under development	–	–	–	–	–	44 669	44 669
Straight-lining of lease asset	8 063	31 893	19 499	18 600	–	–	78 055
Total assets	1 238 285	2 186 651	699 988	457 356	(37 195)	38 802	4 583 887
Total liabilities	(450 151)	(1 136 175)	(193 859)	(105 200)	(308 415)	1 211	(2 192 589)

Revenue generated from development properties relate to the period prior to the property being placed in development and was fully tenanted.

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

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

5.1 CAPITAL RISK MANAGEMENT

The group's objectives when managing capital is to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 7, cash and cash equivalents disclosed in note 13, and share capital as disclosed in note 14.

In order to maintain or adjust the capital structure, the group may adjust the amount of distributions paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

As a Real Estate Investment Trust ("REIT"), the company is required to declare 75% of its distributable profit as a distribution. The board has elected (subject to the availability of cash resources and legislative requirements) to declare 80% of the funds from operations for the year ended 28 February 2021 and maintain a payout ratio of 75% – 90% of funds from operations of the group, as a distribution on a bi-annual basis for future periods.

As a result of the group's distribution policy, capital expansion is funded through a combination of bank debt, equity funding and retained income from funds from operations.

The group is subject to a loan covenant, which limits the loan-to-value ("LTV") ratio to 55% and targets a LTV range of between 38% and 43% over time. The group's interest rate cover must remain above 1.75 for each financial period.

The LTV ratio is calculated as total net debt divided by total net assets as prescribed by the SA REIT Association's Best Practice Recommendations ("BPR") published in 2019.

Refer to Appendix 1 for detailed calculations and details of the composition of net debt and carrying value of property-related assets.

Financial risk arises from the group's exposure to financial instruments and comprises market risk (interest rate risk), liquidity risk and credit risk. The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated this responsibility to the audit committee, which considers the adequacy of the group's risk management framework and monitors management's implementation of risk management policies and procedures.

The group's policies are designed to ensure that appropriate risk limits have been set for financial risks and that adherence to these limits are monitored continuously.

The LTV as at 28 February 2021 was as follows:

		Group	
		2021	2020
	Note	**R'000**	R'000
Total borrowings			
Total net debt	Appendix 1	**2 072 908**	1 687 128
Carrying amount of property-related assets	Appendix 1	**4 525 450**	4 257 104
Loan-to-value ratio*	(%)	**45.81**	39.63

**The adoption of the 2019 BPR requires all comparative figures to be recalculated and disclosed on the same basis as the current information.*

5.2 RISK MANAGEMENT

Market risk

Market risk is the risk that changes in market prices such as interest rates will affect the group's profitability or the value of its holdings of financial instruments. The group is exposed to interest rate risk, credit risk and liquidity risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The company's interest rate risk arises from financial liabilities, cash and cash equivalents and other financial assets. Debt at variable rates expose the company to cash flow interest rate risk, which is partially offset by cash held at variable rates.

During the 2021 financial year, the company's debt was denominated in South African Rand.

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

	Group		Company	
	2021	2020	**2021**	2020
	R'000	R'000	**R'000**	R'000
Fair value interest rate risk				
– Fixed-rate debt				
Standard Bank	**863 984**	547 811	**633 030**	325 862
Nedbank	**326 000**	536 000	**–**	–
Total	**1 189 984**	1 083 811	**633 030**	325 862
Cash flow interest rate risk				
– Variable-rate instrument				
Standard Bank	**104 291**	66 300	**104 291**	66 300
Nedbank	**810 973**	561 311	**–**	50 300
Total	**915 264**	627 611	**104 291**	116 600
No interest rate risk				
Cash and cash equivalents	**32 062**	24 294	**6 544**	5 306
Trade and other receivables	**19 918**	13 626	**3 177**	499
Trade and other payables	**85 057**	70 031	**23 908**	17 236
Loans to related parties	**1 689**	110	**8 989**	6 944
Loan from related party	**–**	–	**11 529**	53 248
Total	**138 726**	108 061	**54 147**	83 233

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

5.2 RISK MANAGEMENT (CONTINUED)

Interest rate risk (CONTINUED)

At period end there was no change in the fair value of fixed-rate risk due to the unchanged interest rates.

Therefore the carrying amount of financial instruments approximates fair value.

The group's sensitivity to interest rate fluctuations as at 28 February 2021 is illustrated below:

	Group		Company	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Sensitivity analysis to interest rates				
Increase in earnings if interest rates had been 0.5% lower during the year	**4 576**	3 138	**521**	583
Decrease in earnings if interest rates had been 0.5% higher during the year	**(4 576)**	(3 138)	**(521)**	(583)

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

The only significant interest rate risk arises on financial liabilities. The company manages its cash flow interest rate risk by securing fixed-interest rate bonds within a range of 65% – 75% of gross debt from banks. Fixed-interest rate loans have the economic effect of protecting the company from interest rate increases due to the weak economic environment and political uncertainty.

Generally, the company raises long-term debt at floating rates below the prime lending rate or a margin above the 3-month JIBAR rate, but with each transaction the fixed-rate available on the required debt is reviewed together with the risk of an interest rate change and the current fixed-to-floating-rate ratio to ensure the ratio remains in the target range as set by management.

		Group	
		2021 R'000	2020 R'000
Variable debt		**915 264**	627 611
Fixed debt		**1 189 984**	1 083 811
TOTAL GROSS DEBT		**2 105 248**	1 711 422
Percentage fixed	(%)	**56.52**	63.33

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

Credit risk

Management assessed which business models apply to the financial assets and liabilities held by the company and has classified its financial instruments into the appropriate IFRS 9 categories. Management remains of the opinion that the financial instruments of the company should be carried at amortised cost.

The company has the following financial assets that are subject to IFRS 9's expected credit loss model:

	Note
• Loans to related parties	11
• Trade and other receivables	12
• Cash and cash equivalents	13
• Financial assets	10

Credit risk analysis

The group is principally exposed to credit risk as a result of its receivable balance from tenants, loans to related parties, financial assets and cash balances with financial institutions. The carrying values as at 28 February 2021 in the statement of financial position represent the maximum exposure to credit risk.

Trade receivables

At initial recognition credit risk of trade receivables is evaluated with reference to available historical and forward-looking financial information.

The group has strong credit vetting procedures in place before entering into lease agreements with new tenants whereby a credit rating is determined for each new applicant.

If customers are independently rated, such as blue-chip companies, these ratings are used. However, if there is no independent rating, credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors from the resources available to Spear.

Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

Based on the credit rating achieved, the tenant will be approved and required to provide guarantees in terms of deposits, bank guarantees or suretyships.

At each month-end the credit risk is reviewed to determine if the credit risk has increased from initial recognition. This is done through determination of the outstanding balance, the reason provided for non-payment, the history of the tenant, forward-looking financial strength and the form of guarantee the group has to reduce the credit risk exposure.

Per the lease agreements, default occurs the day after the rental is due as agreed per each lease agreement. Default in this regard is not considered to be an expected credit loss event and will then rather follow the normal group collection process. The process also drives the increasing credit risk view from initial recognition.

Specific provision per tenant is made for expected credit losses if trade receivables are 120 days past due and if management has been advised to take judgement and no repayment agreement has been reached. 150 days past due accounts are written off if no agreement is reached.

The company applies the IFRS 9 simplified approach to measuring expected credit loss, which uses a lifetime expected loss allowance for all trade receivables within the developed provision matrix.

28 February 2021	Current	31-60 days past due	61-90 days past due	90-120 days past due	More than 120 days past due
Lifetime expected credit losses	**5%**	**7%**	**10%**	**25%**	**45%**

Due to the worldwide economic downtown that started in February 2020 with the spread of the coronavirus and the economic uncertainties in South Africa management reviewed the provision matrix in total. Loss limits for older dated receivables increased significantly as the risk increased. During the period management entered into various repayment agreements with tenants meaning that receivables in older dated buckets are not all considered to have a significant increase in risk unless payment arrangement was not honoured. Management expectation is that tenants will be under increasing credit pressure and the risk of bad debts increased significantly from the prior financial period in general.

29 February 2020	Current	31-60 days past due	61-90 days past due	90-120 days past due	More than 120 days past due
Lifetime expected credit losses	5%	15%	18%	20%	25%

Refer to note 12 for detail of the expected future credit losses.

Financial assets

At initial recognition the credit risk of financial assets is evaluated with reference to available historical and forward-looking financial information of each transaction on its own merit.

Change in credit risk from initial recognition on financial assets is determined at each period end that cash flows are expected from the counterparty as per the agreements reached.

The main factor that would increase the credit risk of a financial asset would be if there is any evidence that non-payment of expected cash flows would occur.

Default for financial assets is considered to be non-performance on the cash payments when they become due and is classified as an impairment event.

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

Cash and cash equivalents

All short-term funds are invested with reputable financial institutions. Cash balances are only retained for working capital requirements. Refer to note 13 for detail of cash balances as at 28 February 2021.

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

	Group		Company	
	2021	2020	**2021**	2020
Financial institution	**R'000**	R'000	**R'000**	R'000
Nedbank (rating – Ba2)	**19 752**	14 213	**6 544**	5 306
Investec (rating – Ba2)	**12 589**	10 081	**–**	–
Cash/(overdraft) in trading account	**(278)**	(113)	**–**	–
	32 062	24 181	**6 544**	5 306

The ratings were obtained from Moody's. The ratings are based on long-term investment horizons. The ratings indicate that expectations of default risk have increased from the prior period where the rating was Ba1 with a negative outlook. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

Management does not expect any credit losses from non-performance by this counterparty.

A credit downgrade was experienced by Moody's by all financial institutions during November 2020 from Ba1 to Ba2 with a negative outlook.

The group will continue to transact with these entities given the fact that the rating downgrade was experienced industry wide and due to the current rating not placing the current institutions utilised in any disadvantaged position against other institutions in South Africa.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

5.2 RISK MANAGEMENT (CONTINUED)

Credit risk (CONTINUED)

Loans to related parties

The loans granted to subsidiaries are repayable on demand and are interest free. Accordingly, the increase in credit risk and expected credit losses is based on the assumption that repayment of the loan is demanded at the reporting date. If repayment of the loans were to be demanded at the reporting date, the company would be able to fully recover the outstanding balance of the loan within a timeframe that results in the effects of any discounting being immaterial.

Financial assets exposed to credit risk at the end of the period were as follows:

	Group		Company	
Financial instrument	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Cash and cash equivalents	**32 062**	24 294	**6 544**	5 306
Trade and other receivables	**19 918**	13 626	**3 177**	499
Financial asset	**25 586**	70 155	**–**	–
Loans to related parties	**1 689**	110	**8 989**	6 944
	79 255	108 185	**18 710**	12 749

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

Refer to note 10 for a detailed discussion of financial assets held at amortised cost.

Liquidity risk

Liquidity risk is defined as the risk that the group would not be able to settle or meet its obligations when due. Management monitors the group's net liquidity position on a continuous basis on the basis of expected cash flows.

The group is exposed to liquidity risk in respect of financial liabilities, loans from related parties and trade and other payables and is a result of the funds not being available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management seeks to minimise its exposure to liquidity risk by reducing its exposure to interest rate risk through its fixing of long-term debt.

Management also reduces refinancing risk through regularly reviewing the maturity profile of its financial liabilities and utilising facilities with differing maturities to reduce maturity concentration.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

	Group					Company		
	Less than 1 year R'000	**Between 1 and 3 years R'000**	**Between 3 and 4 years R'000**	**4 years and longer R'000**	**Total R'000**	**Less than 1 year R'000**	**Between 2 and 5 years R'000**	**Total R'000**
At 28 February 2021								
Financial liabilities (bank debt)	**557 771**	**1 507 091**	**362 159**	**–**	**2 427 020**	**364 922**	**473 470**	**838 392**
Trade and other payables	**85 057**	**–**	**–**	**–**	**85 057**	**23 907**	**–**	**23 907**
Loan from related party	**–**	**–**	**–**	**–**	**–**	**11 529**	**–**	**11 529**
	642 828	**1 507 091**	**362 159**	**–**	**2 512 077**	**400 358**	**473 470**	**873 828**

At maturity date of various debt with financial institutions the debt will either be settled with available resources or refinancing will commence, usually three to six months prior to maturity of the debt.

	Group					Company		
	Less than 1 year R'000	Between 1 and 3 years R'000	Between 3 and 4 years R'000	4 years and longer R'000	Total R'000	Less than 1 year R'000	Between 2 and 5 years R'000	Total R'000
At 29 February 2020								
Financial liabilities (Bank debt)	312 195	1 374 863	243 501	105 981	2 036 540	70 826	438 410	509 236
Trade and other payables	70 031	–	–	–	70 031	17 236	–	17 236
Loan from related party	–	–	–	–	–	46 304	–	46 304
	382 226	1 374 863	243 501	105 981	2 106 571	134 366	438 410	572 776

6. INVESTMENT PROPERTIES (INCLUDING STRAIGHT-LINING ACCRUAL)

		Group		Company	
Investment property	Notes	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Investment property (excluding lease asset)	6.1	**4 373 245**	3 908 513	**1 501 302**	1 086 389
Investment properties under development	6.2	**12 361**	201 008	**3 636**	3 636
Investment properties held for sale	6.3	**–**	–	**–**	–
Land held for future development		**32 309**	32 183	**–**	–
Straight-lining lease asset	6.1	**78 055**	42 290	**17 598**	8 176
		4 495 969	4 183 994	**1 522 536**	1 098 201

		Group		Company	
Reconciliation of investment property categories	Notes	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
6.1 INVESTMENT PROPERTY (EXCLUDING LEASE ASSET)					
Opening balance		**3 950 803**	3 523 970	**1 094 565**	822 403
Acquisitions		**387 842**	258 618	**388 593**	216 077
Net cost capitalised		**14 123**	29 874	**3 926**	10 740
Fair value adjustments		**(106 403)**	9 326	**24 690**	38 010
Transfer from development		**321 527**	107 989	**–**	–
Transfer to development		**(90 000)**	–	**–**	–
Disposal		**(58 830)**	(2 386)	**(2 295)**	–
Straight-line adjustment		**32 238**	23 412	**9 421**	7 335
Closing balance		**4 451 300**	3 950 803	**1 518 900**	1 094 565
6.2 INVESTMENT PROPERTIES UNDER DEVELOPMENT					
Opening balance		**201 008**	213 381	**3 636**	1 729
Transfer from investment property		**90 000**	–	**–**	–
Cost capitalised		**39 523**	87 292	**–**	1 907
Borrowing cost capitalised		**3 357**	8 324	**–**	–
Transfer to investment property		**(321 527)**	(107 989)		–
Closing balance		**12 361**	201 008	**3 636**	3 636
6.3 INVESTMENT PROPERTIES HELD FOR SALE					
Movement in investment properties held for sale:					
Carrying value at the beginning of the period		**–**	74 000	**–**	–
Transfer from investment property	6	**–**	–	**–**	–
Disposals		**–**	(74 000)	**–**	–
Carrying value at the end of the period		**–**	–	**–**	–

6. INVESTMENT PROPERTIES (INCLUDING STRAIGHT-LINING ACCRUAL) (CONTINUED)

Reconciliation of investment property categories	Notes	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
6.4 LAND HELD FOR FUTURE DEVELOPMENT					
Opening balance		**32 183**	–	**–**	–
Cost capitalised		**126**	–	**–**	–
Acquisitions		**–**	32 183	**–**	–
Closing balance		**32 309**	32 183	**–**	–

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011, is kept by the company.

Borrowing cost to the value of R3.4 million was capitalised to investment property during the financial year (2020: R8.3 million).

The capitalisation rate used varied per project and the interest rates used on general funds utilised were prime less 1.30% and specific funding 3-month JIBAR plus 1.80%.

Securities

Investment properties to the value of R4 337 194 are encumbered as security against the group's loan facilities (note 7).

Details of valuation

Refer to note 28 for details on the fair values of investment properties.

All revenue and operating expenditure are derived from investment properties.

7. FINANCIAL LIABILITIES

7.1 ANALYSIS OF NET DEBT

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Secured debt held at amortised cost				
Non-current				
Nedbank	**1 036 743**	997 196	**–**	50 300
Standard Bank	**661 484**	548 249	**430 530**	326 300
	1 698 227	1 545 445	**430 530**	376 600
Current				
Nedbank	**100 230**	100 115	**–**	–
Standard Bank	**306 791**	65 862	**306 791**	65 862
	407 021	165 977	**306 791**	65 862
TOTAL GROSS DEBT	**2 105 248**	1 711 422	**737 321**	442 462
Cash and cash equivalents	**(32 340)**	(24 294)	**(6 544)**	(5 306)
TOTAL NET DEBT	**2 072 908**	1 687 128	**730 777**	437 156

The summarised terms of the loans are as follows. All loans are interest only payments with the capital due at expiry.

		Type	Average margin/ fixed-rate %	Average expiry Months
Standard Bank	Variable	Prime	(1.35)	16.84
Standard Bank	Fixed	–	8.84	17.48
Nedbank	Variable	Prime	(1.12)	16.37
Nedbank	Variable	3- month JIBAR	1.81	25.77
Nedbank	Fixed	–	8.72	36.08

7.2 RECONCILIATION OF CASH MOVEMENT IN NET DEBT FOR THE YEAR ENDED 28 FEBRUARY 2021

Group	2020 R'000	Statement of comprehensive income R'000	Cash flows R'000	2021 R'000
Gross debt	1 711 422	**152 592**	**239 949**	**2 103 963**
Cash and cash equivalents	(24 181)	**–**	**(7 881)**	**(32 063)**
	1 687 241	**152 592**	**232 068**	**2 071 900**

The cash flows have been analysed below:

Group	Proceeds from bank R'000	Repayment of bank loans R'000	Net income (expense) inflow/outflow R'000	Total cash flows R'000
Gross debt	**477 840**	**(85 300)**	**(152 591)**	**239 949**

Company	2020 R'000	Statement of comprehensive income R'000	Cash flows R'000	2021 R'000
Gross debt	442 462	**58 785**	**236 014**	**737 260**
Cash and cash equivalents	(5 306)	**–**	**(1 238)**	**(6 544)**
Net debt	437 156	**58 785**	**234 775**	**730 716**

The cash flows have been analysed below:

Company	Proceeds from bank R'000	Repayment of bank loans R'000	Net income (expense) inflow/outflow R'000	Total cash flows R'000
Gross debt	**380 098**	**(85 300)**	**(58 785)**	**236 014**

8. PROPERTY, PLANT AND EQUIPMENT

		Group					
		2021			2020		
	Useful lives	**Cost R'000**	**Accumulated depreciation R'000**	**Carrying value R'000**	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Computer equipment	3	**384**	**(323)**	**61**	384	(243)	142
Furniture and fixtures	6	**2 993**	**(1 359)**	**1 634**	2 964	(862)	2 102
Motor vehicles	5	**601**	**(90)**	**511**	601	–	601
TOTAL		**3 978**	**(1 772)**	**2 206**	3 949	(1 105)	2 845

Reconciliation of property, plant and equipment: Group – 2021

	Group			
	Opening balance R'000	**Additions R'000**	**Depreciation R'000**	**Closing balance R'000**
Computer equipment	**141**	**–**	**(80)**	**61**
Furniture and fixtures	**2 102**	**29**	**(497)**	**1 634**
Motor vehicles	**601**	**–**	**(90)**	**511**
	2 844	**29**	**(667)**	**2 206**

Reconciliation of property, plant and equipment: Group – 2020

	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Computer equipment	156	228	(243)	141
Furniture and fixtures	2 595	369	(862)	2 102
Motor vehicles	601	–	–	601
	3 352	597	(1 105)	2 844

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011, is kept by the company.

9. INVESTMENT IN SUBSIDIARIES

			Group		Company	
			2021	2020	**2021**	2020
					Carrying amount	Carrying amount
	Acquisition date	**Holding**	**%**	%	**R'000**	R'000
Spear Holdco Proprietary Limited	01/11/2016	Direct	**100**	100	**1 240 499**	1 320 511
Webram Four Proprietary Limited	01/07/2018	Direct	**100**	100	**111 685**	94 864
George Aerotropolis Proprietary Limited	07/10/2019	Indirect	**51.2**	51.2	**16 396**	16 396,00
Upper East Side Hotel Proprietary Limited	01/11/2016	Indirect	**100**	100	**–**	–
Fundamental Holdings Proprietary Limited	01/11/2016	Indirect	**100**	100	**–**	–
Spear One Proprietary Limited	02/02/2017	Indirect	**100**	70	**–**	–
Blend Property 15 Proprietary Limited	12/06/2017	Indirect	**100**	100	**–**	–
					1 368 581	1 431 771

The following information is provided for subsidiaries with non-controlling interest which are material to the reporting company.

The summarised financial information is provided prior to inter-company elimination.

	Spear One Proprietary Limited		George Aerotropolis Proprietary Limited	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
	100%	70%	**51,2%**	51,2%
Statement of financial position				
Non-current assets	**–**	436 149	**32 478**	32 345
Current assets	**–**	4 100	**3 076**	3 117
Total assets	**–**	440 249	**35 554**	34 861
Non-current liabilities	**–**	221 949	**–**	–
Current liabilities	**–**	6 413	**–**	–
Total liabilities	**–**	228 362	**–**	–
Non-controlling interest	**–**	54 155	**19 041**	19 042
Statement of comprehensive income				
Total revenue	**–**	61 318	**–**	–
Profit from operations	**–**	44 849	**(14)**	(8)
Profit for the year	**–**	25 117	**90**	24
Profit attributable to: Equity owners of parent	**–**	19 832	**48**	24
Profit attributable to: Non-controlling interest	**–**	5 285	**–**	–
Statement of cash flows				
Net cash generated from operations	**–**	22 339	**697**	601
Net cash used in investing activities	**–**	(3 775)	**(126)**	(227)
Net cash generated from/(used in) financing activities	**–**	(17 468)	**–**	2 120
Total cash movement for the period	**–**	1 096	**570**	2 494
Dividend paid to non-controlling interest	**–**	5 285	**42**	–

All subsidiaries are incorporated in South Africa and are held directly or indirectly by the company through ordinary shares.

- Spear Holdco acquired the 30% non-controlling interest in Spear One Proprietary Limited on 1 December 2020. The acquisition was funded by way of Spear REIT Limited issuing 1 533 333 Spear REIT Limited shares at R7.50 per share to acquire the 30% shareholding as well as Spear Holdco's forgiveness of the original capital loan provided to the minority shareholder. Spear Holdco then in turn acquired the 30% shareholding in Spear One Proprietary Limited from Spear REIT Limited via a Section 42 asset-for-share transaction.
- A controlling share was acquired in George Aerotropolis Proprietary Limited for R16.4 million cash in 2019, linked to the proportionate fair value of the land the company owns.

Refer to note 11 for details of amounts owing by subsidiaries and related parties.

10. FINANCIAL ASSET

	Group		Company	
	2021	2020	**2021**	2020
	R'000	R'000	**R'000**	R'000
Tenant loan – Multi Rooms Management Proprietary Limited	**21 204**	10 122	**–**	–
2 Long Street Investments Proprietary Limited	**–**	55 655	**–**	–
Tenant Loan – 12 Pickwick	**4 382**	4 377	**–**	–
	25 586	70 154	**–**	–
Current assets	**21 204**	10 122	**–**	–
Non-current assets	**4 383**	60 033	**–**	–
	25 586	70 154	**–**	–

The group advanced funds to the hotel operator, Multi Rooms Management Proprietary Limited, for use in operations during the Covid-19 government-forced closures.

No interest was charged during the financial year as this was a measure put in place for tenant support. On resumption of interest charges the balance earns interest at prime less 1.25% and is repayable on demand.

The 2 Long Street Investments Proprietary Limited loan accrued interest at prime plus 2% until the acquisition of the 30% non-controlling interest by Spear Holdco Proprietary Limited.

As part of the non-controlling shareholding acquisition the loan was forgiven after all interest due was settled. The original capital loan value and the value of Spear REIT Limited shares issued per note 9 made up the acquisition price.

The group advanced a loan of R6 million in June 2018 to a tenant for use in the internal refurbishment of their rented space at 12 Pickwick. The loan carries interest at prime plus 1% and is repayable in 60 equal instalments of R130 703. The tenant's parent company provided a guarantee for the full amount in the event of default.

Credit risk

Management reviewed the credit risk at period end and determined the credit risk had significantly increased from initial recognition. Expected credit losses are limited to the lifetime expected credit losses. Expected credit losses have been determined as below:

Tenant loans

Management's assessment is that the credit risk had significantly increased from initial recognition and is based on the following:

12 Pickwick

The tenant was forced to close operations during the 2021 financial year due to the national lockdown and all payments could not be made. Further to this, the building was damaged from a neighbouring building fire on 4 January 2021, and was closed by the fire inspector until early March 2021. The tenant is still not able to utilise 100% of the property while reinstatement is ongoing. For these reasons the contractual payments were ceased as these relate to circumstances outside the control of the tenant. Although the risk of the loan has significantly increased the loan is still under full guarantee from the Lion Match Company, the parent company of the tenant, and management expects to fully recover the loan from the tenant as its operations are started again. The loan is not material for the group and any percentage of failure risk applied results in an immaterial expected credit loss and thus no expected credit loss allowance was recognised.

Multi Room Management Proprietary Limited

The tenant operating the group's DoubleTree by Hilton Hotel Cape Town was forced to close operations for a period due to the national lockdown and has operated on very limited capacity since the reopening of the hospitality industry. The lack of tourism for a period within the borders of South Africa and the Western Cape as a result of the ongoing effect of the Covid-19 pandemic is well documented.

Management provided additional support to the tenant during the financial year to enable the tenant to operate, and to ensure the building operation continuity with servicing of equipment and payment of service level agreements to ensure health and safety standards are met. This resulted in the loan increasing significantly from the prior year.

Management together with the tenant reviewed a detailed cash flow forecast prepared by the tenant until the end of the lease in August 2027. Various assumptions were made in terms of hospitality recovery, but with the hotel only achieving breakeven from March 2022. Management agreed that until the expiry of the lease all rental payments will be pro ratio 50% towards rental and 50% towards settling of the loan balance outstanding. This is possible as due to the nature of the lease the landlord is entitled to 95% of management controllable profit to be billed as rental annually. A net present value calculation was performed and the present value of all expected future cash flows resulted in a balance receivable being less than the current loan balance by R1.2 million. This difference to the current value of the loan is not material and therefore no expected credit loss allowance was provided for.

11. LOANS TO/(FROM) RELATED PARTIES

	Group		Company	
	2021	2020	**2021**	2020
	R'000	R'000	**R'000**	R'000
Subsidiary				
Spear Holdco Proprietary Limited	**–**	–	**(11 529)**	(53 248)
Webram Four Proprietary Limited	**–**	–	**(9 993)**	6 944
	–	–	**(21 522)**	(46 304)
Entities with common directors or trustees				
VAXR Trust	**1 689**	110	**–**	–
All related party loans are unsecured, interest-free and repayable on demand.				
Current assets	**1 689**	110	**–**	6 944
Current liabilities	**–**	–	**(21 522)**	(53 248)
	1 689	110	**(21 522)**	(46 304)

The loan to VAXR Trust was fully settled in March 2021 and thus no expected credit loss measurement accounted for.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	**2021**	2020
	R'000	R'000	**R'000**	R'000
Trade receivables (tenants)	**17 359**	7 499	**3 137**	496
Allowance for doubtful trade receivables	**(3 138)**	(2 839)	**(122)**	(159)
Rental guarantees receivable*	**5 300**	7 256	**–**	–
Property utility deposits	**377**	392	**162**	161
Staff loans	**20**	–	**–**	–
Performance rental receivable**	**–**	1 316	**–**	–
Adjustment account properties acquired	**–**	2	**–**	2
TOTAL AT AMORTISED COST	**19 918**	13 626	**3 177**	499

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

* *High Mast Properties 30 Proprietary Limited provided the group with a 24-month gross rental guarantee for the acquisition of 1 Waterhouse Place effective 1 July 2018.*

The guarantee for the first 12 months from effective date equates to R14 million and R16 million for the 12 months thereafter and lapses at such a point within the two-year guarantee period when the building is fully tenanted. The guarantee is payable in August 2021.

** *Performance rental relates to rental receivable annually on 15 August for 15 on Orange's performance that exceeds the base gross hurdle revenue as stipulated in the lease and is calculated based on the hotel's performance for the period 1 July to 30 June each year.*

Credit quality of trade receivables

The credit quality of trade receivables is high due to them being evaluated with reference to available financial information and their history with the company as per note 5 and can be categorised into the following groups:

	Group		Company	
	2021	2020	**2021**	2020
	R'000	R'000	**R'000**	R'000
Large national, large listed and government tenants	**2 585**	2 866	**217**	264
Smaller international and national tenants	**10 130**	1 869	**2 621**	13
Other local tenants and sole proprietors	**4 644**	2 763	**299**	219
	17 359	7 499	**3 137**	496

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

	Group		Company	
	2021	2020	**2021**	2020
Ageing of trade receivables	**R'000**	R'000	**R'000**	R'000
The ageing of trade receivables at year-end was as follows:				
Current – up to 30 days	**5 804**	4 601	**1 088**	423
Past due – between 31 and 90 days	**5 492**	677	**1 531**	39
Past due – 91 days and longer	**6 063**	2 220	**518**	34
	17 359	7 499	**3 137**	496

Expected credit losses

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the group's customers. The group has identified the continued effect of Covid-19 lockdowns, gross domestic product (GDP) growth, inflation rate, rising utility costs and load shedding as the key macroeconomic factors in South Africa. The five-year average historical loss rate experienced by the group amounted to 0.33% of total revenue per financial year.

At 28 February 2021 the lifetime expected loss provision for trade receivables is as follows:

		Current	31-60 days past due	61-90 days past due	90-120 days past due	More than 120 days past due
Expected loss rate	(%)	**5**	**7**	**10**	**25**	**45**
Trade receivable ageing excluding VAT*	(R'000)	**5 047**	**2 105**	**1 755**	**916**	**5 272**
Loss provision	(R'000)	**252**	**147**	**175**	**229**	**2 373**

** VAT is excluded from calculation due to the fact that VAT can be claimed back if receivable is written off.*

	Group		Company	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Opening loss allowance – 29 February 2020	**2 839**	213	**159**	–
Loss allowance recognised	**4 552**	3 214	**182**	159
Loss allowance utilised	**(4 253)**	(588)	**(220)**	–
Closing loss allowance – 28 February 2021	**3 138**	2 839	**121**	159

Post year receivables as at 12 March 2021 have been reduced to R12.3 million (R10.7 million excluding VAT) from R17.4 million, further reducing the risk of non-collection.

The simplified approach for recognising expected credit loss has been applied and lifetime expected credit losses have been assessed as being material and limited to the value as recognised above, and there are no non-current receivable balances.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Composition of cash and cash equivalents				
Current accounts	**16 324**	11 368	**6 544**	5 306
Cash/(overdraft) in investment account	**(278)**	(113)	**–**	–
Cash on call	**16 017**	12 926	**–**	–
Petty cash	**–**	–	**–**	–
	32 062	24 181	**6 544**	5 306

Credit exposure of cash and cash equivalents

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

14. SHARE CAPITAL

	Group 2021 Number of shares	Group 2021 Value of shares R'000
Authorised		
1 000 000 000 ordinary shares of the same class and no par value		
Issued		
205 733 231 ordinary shares of the same class and no par value	**205 733 231**	**1 923 355**

	Company 2021 Number of shares	Company 2021 Value of shares R'000
Authorised		
1 000 000 000 ordinary shares of the same class and no par value		
Issued		
214 615 571 ordinary shares of the same class and no par value	**214 615 571**	**1 959 384**

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

	Notes	Group 2021 Number of shares	Group 2021 Value of shares R'000
Reconciliation of number of shares issued			
Opening balance		**200 433 926**	**1 910 787**
Add back: Treasury shares prior period		**5 342 595**	**49 543**
DRIP November 2020		**7 305 717**	**32 357**
Spear One NCI acquisition	10	**1 533 333**	**11 500**
Section 42 shares to Spear Holdco for Spear One shareholding	10	**–**	**(11 500)**
Share issue costs		**–**	**(223)**
Treasury shares at cost		**(8 882 340)**	**(69 108)**
Closing balance		**205 733 231**	**1 923 355**

	Group 2020 Number of shares	Group 2020 Value of shares R'000
Reconciliation of number of shares issued		
Opening balance	188 864 159	1 794 067
Add back: Treasury shares prior period	24 550	(698)
Capital raise – 21 June 2019	16 814 997	164 787
Share for cash – Raad	72 815	750
Share issue costs	–	(2 243)
Vesting Executive Share Plan	–	3 667
Treasury shares at cost	(5 342 595)	(49 543)
Closing balance	200 433 926	1 910 787

	Company	
	2021	
	Number of shares	Value of shares R'000
Reconciliation of number of shares issued		
Opening balance	**205 776 521**	**1 915 604**
DRIP November 2020	**7 305 717**	**32 357**
Spear One NCI acquisition	**1 533 333**	**11 500**
Share issue costs	**–**	**(77)**
Closing balance	**214 615 571**	**1 959 384**

A total of 3.68 million ordinary shares were repurchased at an average price of R5.56 and held as treasury shares in a subsidiary company from prior year end.

A total of 0.14 million ordinary shares were sold at an average price of R5.57 from treasury shares held pre the AGM held in August 2020 issued in terms of a general authority to issue shares for cash.

	Company	
	2020	
	Number of shares	Value of shares R'000
Reconciliation of number of shares issued		
Opening balance	188 888 709	1 746 550
Capital raise – 21 June 2019	16 814 997	164 787
Share for cash – Raad	72 815	750
Share issue costs	–	(150)
Vesting Executive Share Plan	–	3 667
Closing balance	205 776 521	1 915 604

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Tenant deposits	**34 830**	34 924	**8 403**	7 570
Trade payables	**22 820**	–	**1 852**	1 988
Other accruals	**4 760**	1 914	**995**	222
Trade receivables with credit balances	**19 894**	27 367	**10 881**	6 636
Accrual for audit fees	**452**	588	**–**	–
Payroll accruals	**–**	673	**–**	–
Non-controlling interest profit – GAT	**41**	–	**–**	–
Total at amortised cost	**82 797**	65 466	**22 131**	16 416
VAT payable	**2 259**	4 564	**1 776**	820
Total trade and other payables	**85 057**	70 031	**23 908**	17 236

16. FUTURE LEASE PAYMENTS DUE

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
Contractual future lease receivables are as follows:				
Within 1 year	**373 957**	400 229	**147 722**	144 460
Year 2	**343 866**	334 369	**140 104**	135 384
Year 3	**270 612**	297 295	**119 080**	127 994
Year 4	**205 202**	238 288	**86 705**	113 534
Year 5	**107 383**	179 734	**20 594**	81 533
More than 5 years	**215 693**	203 090	**17 361**	30 667
	1 516 713	1 653 005	**531 565**	633 572

17. DEFERRED TAXATION

With effect from 1 November 2016, the company and controlled property subsidiaries converted to REITs. As a result, section 25BB of the Income Tax Act will apply to qualifying REIT income and expenses. The legislation provides that capital gains on sale of investment properties are disregarded and previous building allowances claimed will be recouped at 28%. All rental income and dividends from property subsidiaries will be taxed at 28% and any dividends paid from these taxable profits will be deductible at 28%. Any amount in respect of a financial instrument will be taxed at 28%. As the group has not currently decided to pay out capital profits as dividends, income tax could arise on recoupment when investment properties are sold. This income tax is shielded by an accumulated loss.

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
Opening balance	**6 942**	6 780	**–**	–
Acquisition of subsidiary	**–**	162	**–**	–
Assessed losses recognised	**137**	–	**–**	–
Assessed losses utilised	**(900)**	–	**–**	–
Net deferred tax asset	**6 178**	6 942	**–**	–

A deferred tax asset has been recognised for all assessed losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The total assessed losses for the group amounts to R22 million and will be utilised through profits not distributed.

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
Movement in deferred tax balances				
Acquisition of subsidiary	**–**	162	**–**	–
Temporary differences	**–**	–		
– Net assessed tax losses	**(764)**	–	**–**	–
	(764)	162	**–**	–

18. REVENUE

Revenue comprises gross contractual rentals as well as contractual recoveries of utility costs, property taxes and operating costs as applicable, adjusted for the accounting straight-lining of lease income.

For the company, revenue also includes dividends received from subsidiary companies.

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
Contractual rental income (IFRS 16)	**377 846**	381 835	**129 309**	94 263
Straight-lining rental accrual	**32 238**	23 412	**9 421**	7 335
Dividends received from subsidiaries	**–**	–	**111 216**	134 820
Operating expenditure recoveries	**14 276**	11 206	**7 256**	4 611
Utility recoveries	**106 008**	103 257	**17 948**	13 589
	530 368	519 711	**275 150**	254 619

Straight-lining rental accrual revenue is an IFRS-recognised item that does not form part of the group distributable funds from operations and is recognised in term of being IFRS compliant.

19. OTHER INCOME

	Group		Company	
	2021	2020	**2021**	2020
	R'000	R'000	**R'000**	R'000
Fee recoveries	**13**	73	**3**	5
Development profit	**–**	6 558	**–**	–
Lease fees	**167**	280	**37**	90
Bad debts recovered	**54**	39	**–**	–
Insurance claims	**636**	465	**–**	–
Other income	**–**	80	**–**	–
	869	7 496	**40**	95

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

20. EXPENSES BY NATURE

		Group		Company	
		2021	2020	**2021**	2020
Property operating and management expenditure	Notes	**R'000**	R'000	**R'000**	R'000
Employee benefits	20.1	**16 131**	16 979	**–**	–
Head office expenditure	20.4	**10 534**	11 904	**2 456**	1 014
Property operating expenditure	20.4	**160 925**	156 889	**36 845**	26 403
Total		**187 590**	185 772	**39 301**	27 416
All properties of the company are income-generating and generated income for the full period ended 28 February 2021 or from acquisition date, except for the land acquired.					

20.1 EMPLOYEE BENEFITS

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Salaries and wages		**9 662**	9 570	**–**	–
Non-executive directors' fees	20.2	**2 067**	2 055	**–**	–
Executive director emoluments	20.3	**4 402**	5 354	**–**	–
		16 131	16 979	**–**	–

20.2 NON-EXECUTIVE DIRECTORS' FEES

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

		Group	
		2021	2020
Director		**R'000**	R'000
A Varachhia	Non-executive chairman	**471**	490
MN Flax	Non-executive deputy chairman	**463**	285
JE Allie	Lead independent non-executive	**241**	274
BL Goldberg	Independent non-executive	**230**	274
N Kjellström-Matseke	Independent non-executive	**241**	262
RL Phillips (Dr.)	Independent non-executive	**210**	230
CS McCarthy	Non-executive	**210**	240
		2 067	2 055

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

20. EXPENSES BY NATURE (CONTINUED)

20.3 EXECUTIVE DIRECTOR EMOLUMENTS

Remuneration paid to executive directors comprised of:

		Group				
		2021				
Director		Salary R'000	Other benefits R'000	Performance bonus (STI) R'000	Total R'000	Total IFRS 2 charge R'000
QM Rossi	CEO	2 453	149	–	2 602	2 242
C Barnard	CFO	1 703	96	–	1 799	2 242
		4 157	245	–	4 402	4 484

		Group				
		2020				
Director		Salary R'000	Other benefits R'000	Performance bonus (STI) R'000	Total R'000	Total IFRS 2 Charge R'000
MN Flax*	Non-executive deputy chairman	300	–	–	300	–
QM Rossi	CEO	2 394	161	350	2 905	1 763
C Barnard	CFO	1 697	103	350	2 149	1 763
		4 391	263	700	5 354	3 525

** Mr. MN Flax resigned as executive deputy chairman and was appointed non-executive deputy chairman, all being effective 1 September 2019.*

20.4 OPERATING AND HEAD OFFICE EXPENDITURE AND DEPRECIATION

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Property taxes and utility expenses	110 702	107 742	24 557	17 604
Property operational costs	39 513	37 119	9 923	7 143
Repairs and maintenance	10 710	12 028	2 365	1 656
Depreciation	11 754	7 297	2 625	725
Auditor's remuneration	835	900	–	–
Accounting and taxation fees	70	61	2	12
Bad debts written off	1 414	375	60	–
Provision for bad debt	3 138	2 839	122	159
Employee benefits	16 131	16 979	–	–
Other operation expenditure	5 077	7 729	2 272	842
	199 344	193 070	41 927	28 142

21. TAXATION

		Group		Company	
	Note	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Current tax					
Capital gains taxation refund		–	83	–	–
Provisional income tax paid	21.1	7 527	–	3 076	–
		7 527	83	3 076	–
Deferred tax					
Originating and reversing temporary differences		764	(9)	–	–
		8 290	74	3 076	–

The company is a Real Estate Investment Trust ("REIT") and all subsidiaries in the group are "controlled companies" as defined in the Income Tax Act. After deducting the "qualifying distribution", being 80% of distributable profit from taxable income, the above income tax was payable in the current period.

The company has no liability for normal taxation if all cash profits, excluding capital, is paid out as a distribution (qualifying distribution)/debenture interest and shareholders/linked unitholders are consequently subject to tax according to the individual linked unitholder's tax status.

21.1 RECONCILIATION OF TAX EXPENSE

		Group		Company	
		2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Reconciliation between accounting profit and tax expense					
Accounting profit		**65 275**	212 517	**187 119**	218 450
Tax at applicable rate	28%	**18 277**	59 505	**52 393**	61 166
Deductible temporary differences		**23 367**	(8 471)	**(37 011)**	(48 294)
Taxable earnings		**41 644**	51 034	**15 382**	12 872
Less: Qualifying distribution		**(33 315)**	(52 107)	**(12 306)**	(13 955)
Add: Antecedent dividend		**–**	1 083	**–**	1 083
Taxable profit		**8 329**	9	**3 076**	–
Utilisation of assessed loss		**(802)**	(9)	**–**	–
Normal taxation		**7 527**	–	**3 076**	–

The estimated tax loss available for set-off against future taxable income is R22 million after the prior period utilisation of the assessed loss.

22. CASH GENERATED FROM/(USED IN) OPERATIONS

		Group		Company	
	Notes	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Cash generated from operations					
Profit before tax:		**65 275**	212 517	**187 119**	218 450
Adjusted for:					
Straight-lining rental income accrual		**(32 238)**	(23 412)	**(9 421)**	(7 335)
Depreciation	6 and 8	**11 754**	7 297	**2 625**	725
Fair value adjustment – Investment property	6	**106 404**	(9 326)	**(24 690)**	(37 260)
Impairment investments		**119**	750	**–**	–
Finance income	22.2	**(5 909)**	(10 212)	**(181)**	(182)
Finance cost	22.1	**153 836**	133 181	**58 845**	38 338
Share-based payment expense	29	**11 891**	6 938	**11 891**	6 938
Taxation accrual	21	**–**	(9)	**–**	–
Working capital movements					
Trade and other receivables	12	**(6 292)**	(3 099)	**(2 678)**	1 174
Trade and other payables	15	**15 026**	25 316	**6 671**	7 345
		319 866	339 940	**230 182**	228 193

22. CASH GENERATED FROM/(USED IN) OPERATIONS (CONTINUED)

Notes to the cash flows statement

	Group		Company	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
22.1 FINANCE COSTS				
Interest paid on bank loans	**153 612**	133 153	**58 682**	**38 326**
Interest accrual paid current year	**(1 244)**	957	**(61)**	**957**
Interest paid on deposits	**172**	27	**132**	**12**
Interest paid on bank accounts	**52**	1	**31**	**–**
	152 592	134 138	**58 785**	**39 295**
22.2 FINANCE INCOME				
Interest earned on late payment from tenants	**(966)**	(534)	**(151)**	**(35)**
Interest earned on loan accounts	**–**	(1 381)	**–**	**–**
Interest earned on financial asset	**(969)**	(503)		**–**
Interest earned on call accounts	**(1 040)**	(2 154)	**(29)**	**(147)**
	(2 974)	(4 572)	**(181)**	**(182)**
22.3 TAX PAID				
Taxation per the income statement	**(8 290)**	74	**(3 076)**	**–**
Taxation (receivable)/payable end of period	**314**	–	**80**	**–**
Deferred tax utilisation	**764**	9	**–**	**–**
Balance (paid)/received during the period	**(7 213)**	83	**(2 996)**	**–**
22.4 DISTRIBUTION PAID				
Dividend of prior period paid	**(94 128)**	(84 886)	**(94 128)**	**(84 886)**
Interim dividend paid	**(58 284)**	(87 372)	**(58 284)**	**(87 372)**
Antecedent dividend paid	**–**	(3 370)	**–**	**(3 370)**
	(152 413)	(175 628)	**(152 413)**	**(175 628)**

23. CAPITAL COMMITMENTS

	Group		Company	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Contracted for acquisition of new land and buildings	**–**	7 900	**–**	7 900
Contracted tenant installation allowance	**3 882**	5 344	**–**	2 644
Contracted maintenance and capital installation to existing properties	**4 150**	5 530	**–**	–
Contracted for expansion to existing property	**29 306**	9 574	**–**	–
	37 338	28 348	**–**	10 544

24. RELATED PARTIES

Related party relationships exist between the company, its subsidiaries, directors as well as their close family members, and key management of the company.

	Note
Key management of the company is the executive and non-executive directors' (also see the Directors' Report)	20
Investments in and amounts owing by related parties	9
Remuneration paid to directors, executive and non-executive	20
Details of directors' interest in the ordinary shares of the company are provided in the Directors' Report	
Details relating to share-based payments of key management	29

	2021 R'000	2020 R'000
In the ordinary course of business, the company entered into the following other transactions with related parties:		
Investment property cost capitalised – Kitchen Emporium (close family member of executive director)	**240**	–
Rental received – Kitchen Emporium (close family member of executive director)	**443**	311

25. SUBSEQUENT EVENTS

The directors are not aware of any events, other than those listed below, that have occurred since the end of the financial period, which have a material impact on the results and disclosures in these financial statements.

15 on Orange Hotel

Shareholders are hereby advised that on 3 March 2021, the company and its wholly-owned subsidiary, Blend Property 15 Proprietary Limited ("Blend 15"), being the owner of the property comprising the 15 on Orange Sectional Title Scheme, which includes the hotel, commercial, retail and parking sections ("Property"), exercised its unconditional landlord right to cancel the lease with Marriott International, the prior operator.

Shareholders are further advised that on 10 March 2021, Blend 15 entered into an agreement of lease ("Lease") with The Capital Apartments and Hotels Proprietary Limited ("Tenant") and an option agreement ("Option Agreement") with The Capital Apartments and Hotels Group Proprietary Limited ("Purchaser"), the details of which are set out below.

In terms of the Lease, the Tenant will take occupation of the Property on 1 June 2021, provided that Blend 15 is able to provide the Tenant with vacant occupation of the Property at that date. If Blend 15 is unable to provide the Tenant with vacant occupation of the premises on 1 June 2021, the occupation date will be delayed to the date on which Blend 15 is able to provide the Tenant with vacant occupation.

The Lease shall commence on 1 August 2021, unless the Occupation Date is delayed to a date after 3 June 2021, in which case the commencement date will be the first day of the month following two complete months after the Occupation Date ("Lease Commencement Date") with a duration of seven years. The basic monthly rental payable by the Tenant to Blend 15 shall be a fixed amount. During the first and second years of the Lease Period, the basic monthly rental shall be R1 916 666.67 (including value-added tax). Thereafter, the basic monthly rental payable during the remaining years of the Lease Period will escalate annually at a rate of 5% per annum (compounded annually) with effect from the second anniversary of the Lease Commencement Date.

In terms of the Option Agreement, Blend 15 irrevocably granted the Purchaser a call option ("Call Option") to purchase the Property, together with (i) the Lease, (ii) all movable assets owned by Blend 15 and situated on the Property and (iii) all of Blend 15's rights, title and interest in and to the name "15 on Orange" or any deviation thereof (collectively, the "Disposal Assets"), for the disposal consideration of R265 000 000 ("Disposal Consideration"), subject to the escalation as set out below.

26. FINANCIAL ASSET BY CATEGORY

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

		Group			
		2021		2020	
	Note	**Amortised cost R'000**	**Total R'000**	Amortised cost R'000	Total R'000
Trade and other receivables	12	**19 918**	**19 918**	13 626	13 626
Cash and cash equivalents	13	**32 340**	**32 340**	24 294	24 294
Loan to related party	11	**1 689**	**1 689**	110	110
Financial assets	10	**25 586**	**25 586**	70 155	70 155
		79 533	**79 533**	108 185	108 185

		Company			
		2021		2020	
	Note	**Amortised cost R'000**	**Total R'000**	Amortised cost R'000	Total R'000
Trade and other receivables	12	**3 177**	**3 177**	499	499
Cash and cash equivalents	13	**6 544**	**6 544**	5 306	5 306
Loan to related party	11	**8 989**	**8 989**	6 944	6 944
		18 710	**18 710**	12 749	12 749

27. FINANCIAL LIABILITY BY CATEGORY

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

		Group					
		2021			2020		
	Notes	Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000	Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000
Financial liabilities	7	2 105 248	–	2 105 248	1 711 422	–	1 711 422
Trade and other payables	15	82 798	2 259	85 057	65 466	4 564	70 031
		2 188 046	2 259	2 190 305	1 776 888	4 564	1 781 453

		Company					
		2021			2020		
	Notes	Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000	Financial liabilities at amortised cost R'000	Non-financial instruments R'000	Total R'000
Financial liabilities	7	737 321	–	737 321	16 416	820	17 236
Loans from related party	11	11 529	–	11 529	53 248	–	53 248
Trade and other payables	15	22 131	1 776	23 908	442 462	–	442 462
		770 981	1 776	772 758	512 126	820	512 946

28. FAIR VALUE DISCLOSURES

All assets and liabilities measured or disclosed at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement as follows:

Level 1 Measurements in whole or in part are done by reference to unadjusted, quoted prices in an active market for identical assets and liabilities. Quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 Measurements are done by reference to inputs other than quoted prices that are included in Level 1. These inputs are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. from derived prices).

Level 3 Measurements are done by reference to inputs that are not based on observable market data.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques.

Valuation models are used to value investment properties (measurement and disclosure) and financial liabilities that have fixed-interest rates (disclosure only).

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty and valuation techniques employed may not fully reflect all factors relevant to the positions the company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors.

	Group		Company	
	2021	2020	2021	2020
Levels of fair value measurements	R'000	R'000	R'000	R'000
Assets				
Investment properties (Level 3)	4 495 969	4 183 994	1 522 536	1 098 201
TOTAL ASSETS AT FAIR VALUE	4 495 969	4 183 994	1 522 536	1 098 201

Refer to note 6 for the reconciliation of investment properties from opening to closing balance.

The fair value of investment properties is updated at each reporting period either by way of external valuations or directors' valuations.

Investment property is required to be fair valued with sufficient regularity that the value is representative of the fair value. Per JSE requirements a third of investment properties are required to be valued by an independent valuer (Mills Fitchet Magnus Penny) on an annual basis and the remaining two-thirds are valued by management. Independent valuations were performed on a third of properties with effective date 28 February 2021 and the remaining properties were valued by management.

Valuation technique

The fair value of investment properties is determined by utilising the discounted cash flow methodology in terms of which estimated gross income is projected for a five-year period, based on contractual arrangements and an estimated market rent upon the expiry of the leases for the period of the cash flow. Forecast expenses are deducted from the estimated gross annual income projections to arrive at the net annual income stream for the period of the cash flow.

This net annual income stream is discounted and aggregated to determine an estimated net present value of the cash flow.

To the sum of the discounted net annual value of the cash flow is added an amount that represents an estimate of the value of the property upon reversion at the end of the cash flow period. This latter amount is calculated as the value of the estimated net income in the forward period of 12 months immediately following the final year of the cash flow, capitalised at an appropriate exit capitalisation rate.

The key inputs to the valuation of investment property are the discount rate and exit capitalisation rate, representative of the perceived risk in the investment.

Capitalisation rates (and more specifically exit capitalisation rates which are utilised at the end of the discounted cash flow period) to determine the fair value of investment property into perpetuity were examined and risk-adjusted where necessary, to account for factors that influence the sustainability of cash flows pertaining to each property such as location, condition of improvements, market conditions and the strength of the underlying lease covenants, inter alia.

The discount rate is the annual return that a prudent rational investor requires in order to invest in the property in a competitive market as opposed to alternative asset classes.

It is widely expected that a yield premium above an appropriate risk-free rate is required to induce investors to invest into property due to the additional perceived risk in this asset class as opposed to an alternative investment with no default risk. Similarly, discount rates were examined and risk-adjusted where necessary.

As at 28 February 2021, the following significant key assumptions and unobservable inputs used by the group in determining fair value were in the following ranges:

		Industrial	Commercial	Retail	Hospitality	Total
Average discount rate	(%)	**13.98**	**14.00**	**13.88**	**13.63**	**13.95**
Average capitalisation rate	(%)	**8.98**	**9.00**	**8.88**	**8.63**	**8.95**
Average exit capitalisation rate	(%)	**9.33**	**9.29**	**9.13**	**9.13**	**9.25**
Average prior year exit capitalisation rate	(%)	**9.03**	**9.00**	**8.92**	**8.63**	**8.89**
Average rental growth rate	(%)	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**
Average expense growth rate	(%)	**7.00**	**7.00**	**7.00**	**7.00**	**7.00**
Structural vacancy range	(%)	**0.5 – 2.0**	**0.5 – 2.0**	**0.5 – 2.0**	**0.5 – 2.0**	**0.5 – 2.0**
Void period range	(months)	**2 – 4**	**2 – 4**	**2 – 4**	**2 – 4**	**2 – 4**

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

		Industrial	Commercial	Retail	Hospitality	Total
Average value per property (excluding land/bulk value)	(R'000)	**115 270**	**159 686**	**104 000**	**219 500**	**139 103**
Average value per square meter	(Rands)	**4 740**	**15 758**	**15 464**	**15 635**	**9 816**

The fair market valuations are tested for reasonableness by comparing the resultant Rand per m² against comparative sales of similar properties in similar locations.

It was found that the resultant rates per property and per asset class were reasonable and fair.

Further assumptions are used in the valuation of investment property. Inter-relationship between key unobservable inputs and fair value measurements are as follows:

The estimated fair value would increase/(decrease) if:

- The discount rate was lower/(higher)
- The reversionary capitalisation rate was lower/(higher)
- The expected market rental growth was higher/(lower)
- The expected expense growth was lower/(higher)
- The vacant periods were shorter/(longer)
- The rent-free periods were shorter/(longer)
- The occupancy rate was higher/(lower)
- The estimate of market rentals was higher/(lower).

Due to Covid-19 all assumptions used by internal and external valuers were reviewed and adjusted for where required. The material assumptions applied in the property valuations have not changed materially from the prior year.

The discount rate range applied in the 2020 financial period varied between 14.25% and 15.75% (average 15.06%). The capitalisation rate applied in the 2020 financial period varied between 8.25% and 9.50% (average 9.06%).

28. FAIR VALUE DISCLOSURES (CONTINUED)

The table below illustrates the sensitivity of the fair value to changes in the exit capitalisation rate:

	Group		Company	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Sensitivity analysis to exit capitalisation rates				
Increase in fair value if exit capitalisation rates are decreased by 0.5%	**254 693**	164 634	**31 970**	12 082
Decrease in fair value if exit capitalisation rates are increased by 0.5%	**(228 422)**	(172 493)	**(28 886)**	(9 273)

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

		Date of last external valuation	Discount rate %	Exit capitalisation rate %	Fair value of property 28 February 2021 R'000
List of properties – 2021 external valuations					
Liberty Life Building, Century City		28/02/2021	13.75	8.75	**441 600**
Mega Park, Bellville		28/02/2021	14.00	9.00	**440 500**
2 Long Street, Cape Town		28/02/2021	14.50	9.50	**430 000**
1 Waterhouse Place, Century City		28/02/2021	13.50	8.50	**241 250**
1 Beacon Way, Parow		28/02/2021	13.25	8.25	**95 500**
78 on Edward, Tyger Valley		28/02/2021	13.75	8.75	**87 850**
Viking Business Park, Epping		28/02/2021	14.00	9.00	**83 500**
Sterling Place, Tyger Valley		28/02/2021	14.00	9.00	**57 500**
28 Marine Drive, Paarden Island		28/02/2021	14.00	9.00	**44 000**
1 Paarden Island Rd, Paarden Island		28/02/2021	13.50	8.50	**30 000**
Island Business Park, Paarden Island		28/02/2021	14.25	9.25	**22 400**
34 Marine Drive, Paarden Island		28/02/2021	14.00	9.00	**18 400**
List of properties – 2021 management valuations	Note 3				
Sable Square Shopping Centre, Milnerton		28/02/2019	13.75	9.25	**409 000**
Northgate Park, Brooklyn		29/02/2020	14.00	9.50	**326 000**
15 on Orange, Cape Town		29/02/2020	13.25	8.75	**277 000**
MWEB Head Office, Parow		28/02/2019	14.00	9.50	**170 000**
UES DoubleTree by Hilton, Woodstock		29/02/2020	14.00	9.50	**162 000**
UES Commercial, Retail and Residential, Woodstock		28/02/2019	14.00	9.50	**144 000**
Blackheath Park, Blackheath		28/02/2019	10.00	14.50	**138 000**
Radnor Road, Bellville		29/02/2020	14.00	9.50	**116 000**
No. 2 Estuaries, Century City		29/02/2020	13.25	8.75	**107 000**
Blackheath Warehouse, Blackheath		29/02/2020	14.00	9.50	**98 300**
Manhattan Plaza, Tyger Valley		29/02/2020	14.00	9.50	**89 000**
Nampak Liquids, Epping		28/02/2019	13.75	9.25	**81 694**
5 Fitzmaurice, Epping		29/02/2020	14.25	9.75	**78 000**
Talana Close, Bellville		28/02/2019	14.25	9.75	**64 000**
Bloemhof Building, Tyger Valley		29/02/2020	14.50	10.00	**57 000**
142 Edward Street, Tyger Valley		29/02/2020	14.00	9.50	**42 000**
26 Marine Drive, Paarden Island		29/02/2020	14.00	9.50	**37 500**
12 Pickwick Road, Woodstock		28/02/2019	13.75	9.25	**27 000**
30 Marine Drive, Paarden Island		28/02/2019	14.00	9.50	**20 000**
Omnipark, Tyger Valley		28/02/2019	14.50	10.00	**20 000**
List of properties – 2021 no valuation completed					
Marine Place – Development	Note 1	N/A			**3 636**
Sable Residences, Milnerton – Development	Note 1	N/A			**4 030**
George Aerotropolis – Land	Note 2	N/A			**32 309**
			13.95	9.25	**4 495 969**

Note 1 Cost relates to future development sites where approval has been received and professional fees incurred relating to the future development have been capitalised to date.

Note 2 This is strategic land that was acquired in George directly opposite the airport for future industrial development.

Note 3 Management valuations were undertaken by a RICS and SACPVP accredited valuer.

29. SHARE-BASED PAYMENT RESERVE

		Group		Company	
		2021	2020	**2021**	2020
	Note	**R'000**	R'000	**R'000**	R'000
Conditional Share Plan ("CSP")	29.1	**26 012**	14 121	**26 012**	14 121
		26 012	14 121	**26 012**	14 121
Reconciliation of share-based payment reserve					
Opening balance		**14 121**	10 850	**14 121**	10 850
Expense recognised in profit and loss					
–Conditional Share Plan		**11 891**	8 123	**11 891**	8 123
–Executive-provided share plan		**–**	(1 185)	**–**	(1 185)
Shares vested during the period – Executive share plan		**–**	(3 666)	**–**	(3 666)
		26 012	14 121	**26 012**	14 121

29.1 CONDITIONAL SHARE PLAN

In terms of its CSP, the group has granted conditional shares to executive directors and staff. The full details of the scheme are included in the remuneration report.

The CSP awards have been recognised as equity-settled share-based payments as a separate category within equity. The fair value of the Conditional Share Plan charge has been measured using the Black-Scholes formula. The following assumptions were incorporated in the valuation:

		Award 1	**Award 2**	**Award 3**	**Award 4**
Number of shares		800 000	800 000	800 000	504 000
Grant date		03/01/2018	07/01/2018	07/01/2019	07/01/2020
Vesting date		30/06/2021	30/06/2022	30/06/2023	30/06/2024
Issue price at award date (30-day WVAP)	(Rands)	9.63	10.05	10.14	6.26
Option price at award date	(Rands)	8.04	7.28	7.04	4.49
Volatility	(%)	28	24	40	67
Forfeiture rate	(%)	10	10	10	10
Dividend yield	(%)	6.1	5.8	5.8	9.4
Performance factor	(%)	100	90	90	90

Expected volatility has been based on an evaluation of the historical volatility of the company's peer share price since listing as the company itself has a less than 5-year listing history. The expected forfeiture rate has been based on historical experience and general employee behaviour. On an annual basis, assumptions are adjusted with the availability of objective evidence.

Where these result in changes in the non-market conditions of the scheme, the cumulative impact is charged to profit and loss in the year the adjustment is made.

During the current and prior period no award was forfeited, exercised or has expired.

30. FINANCIAL GUARANTEE

Spear Holdco Proprietary Limited, a wholly owned subsidiary of the group, provided a guarantee to a shareholder, Ikamva Labantu Empowerment Trust ("ILET"), in favour of Nedbank Property Finance to settle any outstanding liabilities (interest and capital) relating to ILET's loan they obtained from Nedbank to subscribe for 3 611 111 Spear REIT Limited shares on listing date. ILET subscribed for shares as part of the public placement at the market placement price of R9.00. ILET obtained a loan of R25.3 million and settled the remaining purchase price in cash. The group holds no right over the shares, nor are there any vesting conditions relating to the shares. Nedbank holds a pledge over the shares as security for the loan. Spear Holdco Proprietary Limited will only be liable if ILET is unable to settle any liability due relating to the share subscription loan if so called upon by Nedbank. Any interest settled in favour of ILET to Nedbank is refundable to the group by ILET and accrues interest compounded monthly at prime less 1.25%. ILET is an ordinary shareholder of the company.

The value of the guarantee shortfall, being the difference between the loan capital and value of the shares, at year-end if called upon by the bank, is not material and thus no amount has been recognised. No event of default has occurred and the group has not been notified of any such event.

31. PROPERTY ANALYSIS

Property name	Sector	Gross lettable area m²	Vacant area m²	Average gross rental per m² in period R'000	Value 28 February 2021 R'000
Liberty Life Building, Century City	Commercial	18 244	1 630	181	**441 600**
Mega Park, Bellville	Industrial	86 195	3 235	52	**440 500**
2 Long Street, Cape Town	Commercial	25 207	3 535	160	**430 000**
Sable Square Shopping Centre, Milnerton	Retail	31 100	2 189	111	**409 000**
Northgate Park, Brooklyn	Commercial	16 956	2 130	157	**326 000**
15 on Orange, Cape Town	Hospitality	16 663	240	32	**277 000**
1 Waterhouse Place, Century City	Commercial	11 248	2 853	139	**241 250**
MWEB Head Office, Parow	Commercial	11 195	–	107	**170 000**
UES DoubleTree by Hilton, Woodstock	Hospitality	11 415	–	–	**162 000**
UES Commercial, Retail and Residential, Woodstock	Commercial	10 654	5 052	208	**144 000**
Blackheath Park, Blackheath	Industrial	37 334	1 172	37	**138 000**
Radnor Road, Bellville	Industrial	12 879	–	72	**116 000**
No. 2 Estuaries, Century City	Commercial	4 199	–	151	**107 000**
Blackheath Warehouse, Blackheath	Industrial	22 201	–	36	**98 300**
1 Beacon Way, Parow	Industrial	16 170	–	13	**95 500**
Manhattan Plaza, Tyger Valley	Commercial	4 931	98	156	**89 000**
78 on Edward, Tyger Valley	Commercial	3 880	50	140	**87 850**
Viking Business Park, Epping	Retail	9 320	1 019	115	**83 500**
Nampak Liquids, Epping	Industrial	15 450	–	43	**81 694**
5 Fitzmaurice, Epping	Industrial	22 829	–	32	**78 000**
Talana Close, Bellville	Industrial	23 750	–	23	**64 000**
Sterling Place, Tyger Valley	Commercial	4 108	32	140	**57 500**
Bloemhof Building, Tyger Valley	Commercial	4 307	2 078	202	**57 000**
28 Marine Drive, Paarden Island	Retail	7 320	158	51	**44 000**
142 Edward Street, Tyger Valley	Commercial	2 609	654	160	**42 000**
26 Marine Drive, Paarden Island	Retail	4 030	–	54	**37 500**
1 Paarden Island Rd, Paarden Island	Retail	5 538	–	45	**30 000**
12 Pickwick Road, Woodstock	Industrial	2 516	–	94	**27 000**
Island Business Park, Paarden Island	Commercial	2 405	–	74	**22 400**
30 Marine Drive, Paarden Island	Retail	2 764	–	69	**20 000**
Omnipark, Tyger Valley	Commercial	2 203	390	111	**20 000**
34 Marine Drive, Paarden Island	Industrial	3 838	1 433	48	**18 400**
		453 458	27 949		**4 455 994**
Properties under development					
Future development projects					
Marine Place – Development	Development				**3 636**
Sable Residences, Milnerton – Development	Development				**4 030**
			–	–	**7 666**
Land held for development					
George Aerotropolis – Land	Development				**32 309**
					32 309
GRAND TOTAL		453 458	27 949	96	**4 495 969**

Tenant profile	Gross lettable area m²	Gross lettable area %	Number of tenants	Number of tenants %
A – Large nationals, large listed and government tenants	234 747	51.77	94	24
B – Smaller international and national tenants	178 429	39.35	245	62
C – Other local tenants and sole proprietors	12 333	2.72	56	14
Vacant	27 949	6.16	0	0
	453 458	100.00	395	100

Geographical split	Revenue R'000	Revenue %	Gross lettable area m²	Gross lettable area %
Western Cape	498 263	100.00	453 458	100.00
	498 263	100.00	453 458	100.00

Sectoral split and vacancy profile	Number of properties	Value excluding lease asset R'000	Value %	Property revenue R'000	Revenue %	Gross lettable area m²	Gross lettable area %	Vacant area m²	Vacancy GLA* %
Industrial	10	1 152 700	25.64	163 610	32.84	243 162	53.62	5 840	1.29
Commercial	14	2 235 600	49.72	240 743	48.32	141 867	31.29	18 502	4.08
Retail	6	624 000	13.88	78 704	15.80	40 351	8.90	3 366	0.74
Hospitality	2	439 000	9.76	15 206	3.05	28 078	6.19	240	0.05
Development*	0	44 669	0.99	–	0.00	–	0.00	–	0.00
	32	4 495 969	100.00	498 263	100.00	453 458	100	27 949	6.16

* *Total GLA excludes GLA under development.*

Lease expiry profile

Lease expiry profile based on GLA	Industrial %	Commercial %	Retail %	Hospitality %	Total %
Vacant	3	16	6	1	6
Monthly	1	1	5	0	1
Expiries for 03/2021 – 02/2022	21	14	18	0	18
Expiries for 03/2022 – 02/2023	14	14	9	0	13
Expiries for 03/2023 – 02/2024	26	16	14	2	20
Expiries for 03/2024 – 02/2025	14	26	2	1	15
Expiries for 03/2025 onwards	21	13	46	96	27
	100	100	100	100	100

Lease expiry profile based on revenue	Industrial %	Commercial %	Retail %	Hospitality %	Total %
Monthly	1	1	3	0	1
Expiries for 03/2021 – 02/2022	19	16	19	0	17
Expiries for 03/2022 – 02/2023	21	16	13	9	17
Expiries for 03/2023 – 02/2024	26	17	16	27	20
Expiries for 03/2024 – 02/2025	9	35	3	32	22
Expiries for 03/2025 onwards	24	15	46	32	23
	100	100	100	100	100

Weighted average rental escalations and yields	Escalation %	Yields FY2021 %
Industrial	7.00	**9.2**
Commercial	6.89	**8.1**
Retail	6.39	**8.2**
Hospitality	6.17*	**0.3**
Average	6.81	**7.6**

* *DoubleTree by Hilton is operated by a third-party operator and the lease is based on a fixed (60% of Budgeted EBITDA) and variable (95% of actual EBITDA less fixed rental) rate, which is agreed annually.*

32. RESTATEMENT OF CASH FLOWS

The company's separate statement of cash flows has been restated for the effect of classifying "Contribution to subsidiary" as an investing activity, based on the nature of this cash flow. These contributions were previously included as part of "Cash flow from financing activities".

Additionally, the advances and repayments of related party loans, under financing activities, have now been reflected on a gross basis. Previously, this was shown on a net basis. The group believes that the restatement enhances the disclosure in the statement of cash flows, providing a representation of the impact of the related party loans on the company statement of cash flows.

The correction of the figures for the 2020 financial year presented did not have any impact on the "Aggregate cash flows", or on the consolidated cash flows.

The company has corrected the classification and presentation of the above matters in the separate statement of cash flows as indicated below:

	As previously reported 29 February 2020 R'000	Adjustment	As restated 29 February 2020 R'000
Company			
Cash flow from investing activities			
Contribution (to) subsidiary	–	(45 642)	(45 642)
Net cash outflow from investing activities	(246 595)	(45 642)	(292 237)
Cash flow from financing activities			
Contribution (to)/from subsidiary	(45 642)	45 642	–
Proceeds from related party loans	48 160	(48 160)	–
Repayment of related party loan		(161 322)	(161 322)
Proceeds from related party loan		209 482	209 482
Net cash outflow from financing activities	235 067	45 642	280 709
Total difference			

33. GOING CONCERN

The consolidated and separate financial statements were prepared on a going concern basis. The board of directors is satisfied that the group has adequate resources to continue trading for the foreseeable future, based on a formal review of the results, cash flow forecasts and assessing available resources to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Please refer to note 5 risk management for details of financial liabilities classified as current assets.