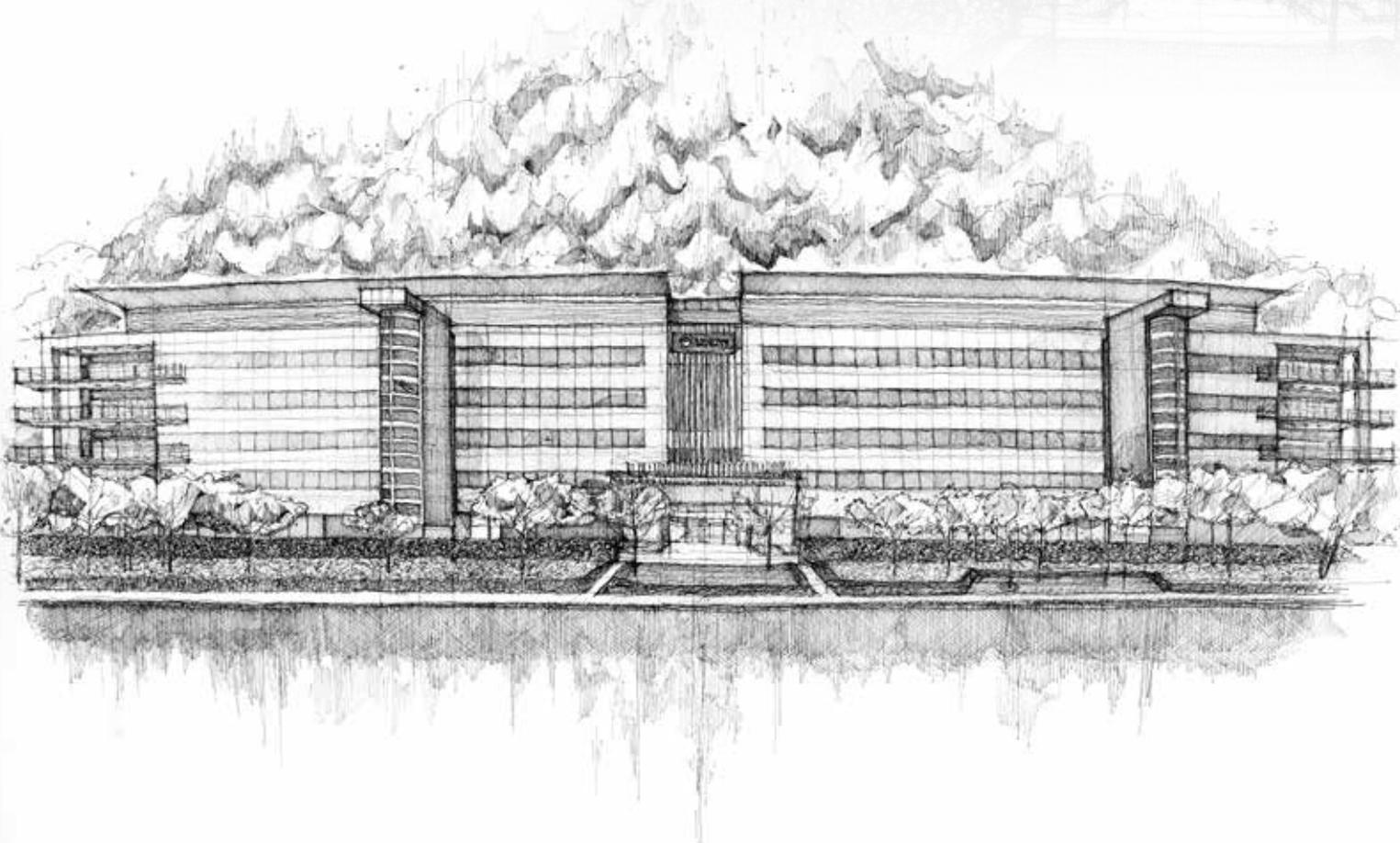


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- 21 PARLIAMENTS -



SPEAR
REIT LIMITED

INTRODUCTION

Spear REIT Limited ("Spear") ascribes to the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™"). The board of directors is committed to ensuring that the governance structure in Spear cultivates good governance outcomes in relation to the company's ethical culture, performance, effective control and legitimacy.

KING IV PRINCIPLES DISCLOSURE

This report has been prepared in accordance with the reporting requirements of King IV™ whereby King IV™ requires that a company reports on how it has applied the code. This report outlines how Spear has applied the code.

PRINCIPLE 1

THE GOVERNING BODY SHOULD LEAD ETHICALLY AND EFFECTIVELY.

The board is committed to ensuring that the governance structure of Spear cultivates an ethical culture in which it is able to provide effective leadership in accordance with the short-, medium- and long-term strategy of Spear.

The board has a collective responsibility to ensure that Spear is managed effectively and ethically in a manner whereby the board exercises leadership with good faith, integrity and in the best interests of Spear and its stakeholders at all times. The values that we live by are ensuring collective regard to Spear's performance whilst considering the natural environment and society for the preservation of future generations.

The board has ensured that a board charter, code of conduct and ethics-related policies, through which Spear's ethical standards are clearly articulated, have been established and implemented.

The board charter and code of business ethics and conduct are reviewed and updated by the board annually and ethics-related policies biennially. Furthermore, board evaluations are undertaken on an annual basis to determine the effectiveness of the board.

PRINCIPLE 2

THE GOVERNING BODY SHOULD GOVERN THE ETHICS OF THE ORGANISATION IN A WAY THAT SUPPORTS THE ESTABLISHMENT OF AN ETHICAL CULTURE.

The board is explicitly responsible for the stewardship of Spear and promoting ethical behaviour and compliance with relevant laws and regulations and Spear's ethics-related policies. The board delegates the implementation and execution of Spear's ethics-related policies to management.

Spear's ethics-related policies, which apply to all directors and employees, the board charter, the code of business ethics and conduct as well as their fiduciary duty as directors ensure that Spear is effectively managed in the best interest of all stakeholders.

With the assistance of the social and ethics committee and the executive team, the board continuously monitors and revisits its ethics-related policies on an ongoing basis. During the year under review, strong emphasis was placed on the compliance monitoring programme, while also taking into consideration appropriate risk parameters. In doing so, Spear strives towards best practices in this regard to further the objectives of Spear and in the best interests of stakeholders.

PRINCIPLE 3

THE GOVERNING BODY SHOULD ENSURE THAT THE ORGANISATION IS AND IS SEEN TO BE A GOOD CORPORATE CITIZEN.

The board, through the board committees and the executive team's oversight, ensures that Spear's responsible corporate citizenship efforts include compliance with the Constitution of South Africa, laws, leading standards, and adherence to its own codes of conduct and policies.

The board further ensures that collective regard is given to Spear's performance, core purpose and values whilst considering the natural environment and society for the preservation of future generations.

With the assistance of the social and ethics committee, audit and risk committee and the executive team, the board continuously monitors corporate citizenship. Regular updates on laws and leading standards are provided to these committees and the board on an ongoing basis to ensure compliance thereof at all times.

During the year under review, key emphasis was placed on the effectiveness of Spear's systems for monitoring compliance with all applicable laws and regulations as well as the monitoring of the independent whistleblowing line, gifts received and/or entertainment exchanged and permissible donations.



PRINCIPLE 4

THE GOVERNING BODY SHOULD APPRECIATE THAT THE ORGANISATION'S CORE PURPOSE, ITS RISKS AND OPPORTUNITIES, STRATEGY, BUSINESS MODEL, PERFORMANCE AND SUSTAINABLE DEVELOPMENT ARE ALL INSEPARABLE ELEMENTS OF THE VALUE CREATION PROCESS.

The board, with the assistance of the executive team, informs and approves Spear's strategy and provides the overall strategic direction which includes a framework of rewards and controls. Risks, opportunities and other significant matters connected to the environment, social impact and the economy in which Spear operates are considered. This sets the direction for the realisation of Spear's core purpose and vision which is aligned to its value drivers and the legitimate interests and expectations of its stakeholders.

The board recognises the interests of both internal and external stakeholders and the performance of Spear whilst embracing sustainable development. The board continuously monitors the implementation of its strategies, decisions and key policies against operational performance and ensures that adequate time is allocated towards Spear's strategies at each board meeting.

The board further delegates the responsibility to the executive team to implement the strategic objectives of Spear and continuously monitors and assesses performance against the short-, medium- and long-term objectives of Spear.

PRINCIPLE 5

THE GOVERNING BODY SHOULD ENSURE THAT REPORTS ISSUED BY THE ORGANISATION ENABLE STAKEHOLDERS TO MAKE INFORMED ASSESSMENTS OF THE ORGANISATION'S PERFORMANCE, AND ITS SHORT-, MEDIUM- AND LONG-TERM PROSPECTS.

The board assumes responsibility for Spear's reporting by setting the direction for how it should be approached and conducted.

The board, with the assistance of its committees, oversees that reports such as this report, the integrated report and annual financial statements comply with legal requirements and meet the legitimate and reasonable information needs of material stakeholders as well as that of its stakeholders. Spear's integrated report aims to provide a balanced, accurate and accessible assessment of Spear's strategy and operations.

The board has satisfied itself that the integrated report complies with JSE Listings Requirements and the reasonable information needs of stakeholders, by demonstrating Spear's ability to create value and demonstrate the short-, medium- and long-term prospects of Spear.

PRINCIPLE 6

THE GOVERNING BODY SHOULD SERVE AS THE FOCAL POINT AND CUSTODIAN OF CORPORATE GOVERNANCE IN THE ORGANISATION.

The board is the focal point of Spear's corporate governance framework and is ultimately accountable and responsible for the performance and affairs of Spear. Spear maintains strong governance principles guided by King IV™ which is implemented through the board.

The board is explicitly responsible for the stewardship of Spear and to promote ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and practices and Spear's own governing documents and code of business ethics and conduct. The board further monitors and oversees the implementation of its policies and organisational performance and is satisfied that it has fulfilled its responsibilities in accordance with its charter.

The board monitors and oversees the implementation of its policies and organisational performance thereon. During the year under review, the board was satisfied that it had fulfilled its responsibilities in accordance with its charter.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The board met five times during the year under review. The table below sets out the board meetings held and attendance during the reporting period.

	Abu Varachhia	Mike Flax	Quintin Rossi**	Christiaan Barnard**	Jalal Allie*	Brian Goldberg*	Niclas Kjellström-Matseke*	Sean McCarthy	Roze Phillips*
11-May-20	●	●	●	●	●	●	●	●	●
18-Jun-20	●	●	●	●	●	●	●	●	●
19-Aug-20	●	●	●	●	●	●	●	●	●
20-Oct-20	●	●	●	●	●	●	●	●	●
28-Jan-21	●	●	●	●	●	●	●	●	●

* Independent

** Executive director

● Attended

PRINCIPLE 7

THE GOVERNING BODY SHOULD COMPRISE THE APPROPRIATE BALANCE OF KNOWLEDGE, SKILLS, EXPERIENCE, DIVERSITY AND INDEPENDENCE FOR IT TO DISCHARGE ITS GOVERNANCE ROLE AND RESPONSIBILITIES OBJECTIVELY AND EFFECTIVELY.

During the year under review and with the assistance of the nominations committee, the board assumed responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.

In accordance with JSE Listings Requirements, Spear adopted a policy with regard to broader diversification. With the assistance of the nominations committee, the board sets its broader diversification targets and monitored its composition in this regard.

The board is committed to ensuring that key regard is given to broader diversification for all future appointments to the board to facilitate an appropriately diverse board, including a relevant range of expertise, experience, industry knowledge, age, gender, race and culture. There were no appointments made to the board during the year under review. Furthermore, the board reviewed the role and responsibilities assigned to the chairman and the lead independent director during the year under review.

The board comprises of nine directors, of which seven are non-executive and two are executive directors. Of the non-executive directors, four (57%) are independent. The board members have a diverse range of qualifications and experience which enable them to contribute meaningfully to the group. The board is satisfied with the depth of the collective experience of the non-executive directors and that there is sufficient independence of minds on the board.

No board members have been removed, resigned or retired during the year under review barring the retirement by rotation which took place at the annual general meeting held on 24 July 2020 at which Mr. Niclas Kjellström-Matseke, Mr. Sean McCarthy and Dr. Roze Phillips were duly re-appointed.

The relevant experience of the current board members whom further serve as committee members is as follows:

MIKE NAFTALI FLAX

Mike is an accomplished property professional operating within the commercial property sector. Mike, a chartered accountant by qualification, has more than 30 years' experience in the property sector and has been key in some of the most exciting property transactions across the listed sector. Mike was the founder of Spearhead Property Group, which was later sold to Redefine Property Fund. Mike served on the board of directors of Madison Property Fund Managers until 2009 after a merger with Redefine Properties and Apex Hi to form the new Redefine Properties and served as an executive director of Redefine Properties Limited until February 2011. Mike has extensive experience in commercial property finance, development and a variety of key financial functions within the property sector. His entrepreneurial approach to property is admired by many within the property sector and his ability to create and unlock value has been proven time and time again.



QUINTIN MICHAEL ROSSI

Quintin has a wealth of real estate experience in both the listed and private property sector specialising in all aspects of management relating to commercial, retail, industrial, residential and hotel assets. Quintin started his career in real estate with Cape Town-based Baker Street Properties whereafter he joined Redefine Properties Limited. During his time at Redefine, Quintin was in charge of executing the national leasing strategy for the group across 450 nationwide assets.

Quintin co-founded Spear with Mike Flax and Abu Varachhia in 2011 and until 17 May 2018 held the position of Managing Director. Quintin has subsequently succeeded Mike Flax as Group Chief Executive Officer and is responsible for setting the trajectory of the business, engaging the capital markets, executing the overall group strategy of Spear and ensuring that the business is placed in the best possible position to take advantage of growth opportunities within the Western Cape real estate market. Quintin leads the capital raising and debt negotiation teams and furthermore remains mandated to secure new acquisitions and development projects for Spear in line with the company's strategy.

CHRISTIAAN BARNARD

Christiaan is a chartered accountant by qualification and through various family interests has been exposed to the real estate sector from a very young age and understands the demands associated with unlocking value in a real estate environment. Christiaan has experience in audit practices in various industries including software development and support, oil and gas production and property REIT holdings. Christiaan joined Spear in July 2016 after leaving Grant Thornton LLP (Dallas) and was tasked to prepare Spear's accounting for its JSE listing.

Christiaan leads finance and group reporting to stakeholders to provide clear, accurate and timeous information for investment decisions by both current and prospective investors. Christiaan supports the CEO in capital markets, debt negotiations and capital investments and plays a critical part in the execution of the strategic decisions taken by the CEO to place the company in the best financial position to achieve the targets as set by the CEO and board of directors.

Christiaan also oversees the implementation and compliance with all legislative and regulatory requirements as well as the implementation of the King IV™ requirements to provide stakeholders with the required information, insight and transparency into the company and its operations.

ABUBAKER VARACHHIA

Abu has been involved in major property transactions and has initiated multimillion rand property development projects throughout South Africa. Abu served as a director on the boards of JSE-listed property fund Spearhead Property Holdings Limited, and Ingenuity Property Investments Limited. Abu served on the board of directors of JSE-listed company Mazor Steel & Aluminium Limited and currently serves as a non-executive director on the Stor-age Property REIT Limited board. Abu has extensive experience in property development and his skill in this regard, along with his ability to find value in potential portfolio redevelopments, will be invaluable to the future of the business.

BRIAN LEON GOLDBERG

Brian has been active in the real estate sector for the past 25 years. During this period, he has been integrally involved in many significant property developments and investments. Brian has an astute understanding of the Western Cape real estate sector. He has vast and varied expertise, both in the commercial real estate arena and the legal technical environment relating thereto. Brian's market knowledge, deal-making and technical skills will strengthen and add value to the business' growth initiatives.

JALALODIEN EBRAHIM ALLIE

Jalal has been involved in the real estate sector for more than 21 years. He joined Seeff Trust (Pty) Ltd, the forerunner to Spearhead Property Holdings, in 1993 as the Financial Manager after leaving PKF Chartered Accountants and Auditors. In early 1999 he was appointed Chief Financial Officer and Company Secretary of the newly-listed Spearhead Property Holdings Limited, which he founded together with Chief Executive Officer Mike Flax.

NICLAS KJELLSTRÖM-MATSEKE

Niclas is one of Sweden's best-known business leaders, with a successful career as a management consultant and later as a visionary consumer-oriented CEO. Niclas was the CEO of Novamedia Nordics since its establishment in 2005 up until 2015. Novamedia operates the Swedish Postcode Lottery and several TV productions. He is also recognised for his unique network of global leaders in business, politics and the NGO communities. He serves on several boards in Sweden, the US and Africa. Niclas is an active member of the global CEO network of YPO (Young Global Leaders), where he served as Chairman of its Swedish chapter. He is also a member of the Elders' Advisory Board, where he supports leaders such as former President Jimmy Carter, Graça Machel, Mary Robinson and Kofi Annan in their work for peace and democracy through negotiations with world leaders. Since 2013, Niclas has served on the UN's SDSN (Sustainable Development Solutions Network) Leadership Council, with a focus on establishing new SDGs. In 2016, he relocated to South Africa to focus on developing business and sustainable solutions in Southern Africa through his own company, Perennis Limited.

CORMACK SEAN MCCARTHY

Sean has 30 years of experience in the property industry. Having developed a substantial number of residential, commercial and industrial real estate projects, he has a wide range of knowledge in the property development field. His speciality has been identifying and developing opportunities where substantial value was unlocked. His practical and hands-on approach has allowed him to tackle complex projects which are less attractive to the broader market, but offer higher returns.

CORPORATE GOVERNANCE REPORT (CONTINUED)

DR. ROZETT LUCILLE PHILLIPS

Roze served as the Group Chief People Officer for the ABSA group from 2012 to 2020 holding accountability for all Human Capital-related matters for the group. In her role, she led the People Function of which the mandate is to enable a thriving and learning organisation of empowered, engaged and future-fit employees. Previously, Roze held the position of Management Consulting lead and Geographic Council member for Accenture Africa, and board member of Accenture South Africa where she also served as the Innovation lead, creating the enablers for innovation on the continent. Roze has over 20 years' experience in consulting to consumer-related industry clients across the value chain with the intent of driving better strategic and sustainable outcomes while transforming business and improving wellbeing in Africa. Roze is also Executive Sponsor and member of the Board of Trustees for BORN to SUCCEED, a Public Benefit Organisation dedicated to helping young South African women with the necessary skills and mentorship to prepare for the workplace and find employment. Born in Cape Town, Roze holds an MBChB degree and an MBA degree from the University of Cape Town and a Postgraduate Diploma in Futures Studies from the University of Stellenbosch. Prior to her time with ABSA and Accenture, she was a medical doctor at Groote Schuur Hospital and a specialist scientist at the SA Medical Research Council.

Other positions held by the board are as outlined in the table below.

Director	Name of company	Capacity
Abu Varachhia	Spear REIT Limited	Chairman
	Abma Properties Proprietary Limited	Director
	Abma Properties 786 Proprietary Limited	Director
	Aznab Properties Proprietary Limited	Director
	Cloudberry Investments 18 Proprietary Limited	Director
	Clusten 54 Proprietary Limited	Director
	Exiled Investments Proprietary Limited	Director
	Micromatica 970 Proprietary Limited	Director
	Mtshobela Capital Holdings Proprietary Limited	Director
	Nabaz Investments Proprietary Limited	Director
	Quarry Hill Developments Proprietary Limited	Director
	Trivot Properties 30 Properties CC	Member
	Alpha Plus Capital Pty Ltd	Director
	Varachhia Family Trust	Trustee
	Azhars Family Trust	Trustee
	Nabilahs Family Trust	Trustee
	VAXR Trust	Trustee
	Stor-age Property REIT Limited	Director
	Dorpstraat Capital Growth Fund	Director



Director	Name of company	Capacity
Mike Flax	Spear REIT Limited	Deputy chairman
	Easy Shoes Proprietary Limited	Director
	Fronsac Investments Limited	Director
	Scarlet Sun 58 Proprietary Limited	Director
	ILET NPO	Director
	Flax Family Trust	Trustee
	Ikamva Labantu Empowerment Trust	Trustee
	Rossi Family Trust	Trustee
	YPO Cape Town Gold	Executive
	King David Trust	Trustee
	Visio BCI Property Fund (CIS)	Executive
VAXR Trust	Trustee	
Quintin Rossi	Spear REIT Limited	CEO
	Spear Holdco Proprietary Limited	Director
	Upper East Side Hotel Proprietary Limited	Director
	Fundamental Holdings Proprietary Limited	Director
	Arrow Creek Investments 227 Proprietary Limited	Director
	Arrow 3 Investments Proprietary Limited	Director
	Arrow 4 Investments Proprietary Limited	Director
	23 Main Road Properties Proprietary Limited	Director
	Bantry Hills Proprietary Limited	Director
	Spear One Proprietary Limited	Director
	Evlah Investments Proprietary Limited	Director
	Rosvest Proprietary Limited	Director
	Blend Property 15 Proprietary Limited	Director
	Webram Four Proprietary Limited	Director
	George Aerotropolis Proprietary Limited	Director
	Quintin Rossi Family Trust	Trustee
	Toronto Family Trust	Trustee
	Tygervalley Improvement District	Director
	Salt River Improvement District	Director

CORPORATE GOVERNANCE REPORT (CONTINUED)

Director	Name of company	Capacity
Christiaan Barnard	Spear REIT Limited	CFO
	Spear Holdco Proprietary Limited	Director
	Fundamental Holdings Proprietary Limited	Director
	Upper East Side Hotel Proprietary Limited	Director
	Spear One Proprietary Limited	Director
	Blend Property 15 Proprietary Limited	Director
	Webram Four Proprietary Limited	Director
	George Aerotropolis Proprietary Limited	Director
	CBJB Investments Pty Ltd Investments	Director
	Whiteroad Investments Trust	Trustee
Brian Goldberg	Spear REIT Limited	Director
	Turnigen Proprietary Limited	Director
	The Jenben Trust	Trustee
	The Saxon Park Trust	Trustee
	The Pinnacle Property Trust	Trustee
	The Flax Family Trust	Trustee
	The Leonard and Dorothy Trust	Trustee
	The Sank Charitable Trust	Trustee
	The Zed Five Family Trust	Trustee
Jalal Allie	Spear REIT Limited	Director
	Emarie Campbell Real Estate Proprietary Limited t/a Pam Golding Properties	Financial director
	Big Bay Beach Estates Proprietary Limited t/a Pam Golding Properties	Financial director
	Syfrets Property Brokers Proprietary Limited	Non-executive director
	Asim Financial Services Proprietary Limited	Director
Niclas Kjellström-Matseke	Spear REIT Limited	Non-executive director
	United Nations Sustainable Development Solutions Network	Director
	Desmond Tutu IP Trust	Trustee
	Desmond and Leah Tutu Legacy Foundation	Director
	Infigo Properties Property investments	Director



Director	Name of company	Capacity
Sean McCarthy	Spear REIT Limited	Director
	Sujean Property Investments Proprietary Limited	Director
	Redfern Trust Enterprises Proprietary Limited	Director
	Mega Park Investments Proprietary Limited	Director
	Creative Gems Proprietary Limited	Director
	Somerset Square Property Development Proprietary Limited	Director
	One Vision Investments 38 Proprietary Limited	Director
	Anjuzest Proprietary Limited	Director
	Cape Lifestyle Investments Proprietary Limited	Director
	Golden Falls Trading 337 Proprietary Limited	Director
	Normandie Development Proprietary Limited	Member
	Business Activator	Director
	Philippi Village Proprietary Limited	Director
	Greenpoint City Improvement District	Director
	Westore Proprietary Limited	Director
	Internetexpo Proprietary Limited	Member
	The Jessmac Trust	Trustee
	The Megron Trust	Trustee
	Iris McCarthy Family Trust	Trustee
	The Maxmore Trust	Trustee
The Michele McCarthy Family Trust	Trustee	
Dr. Roze Phillips	Spear REIT Limited	Director
	Rozvin Travel Services Proprietary Limited	Director
	The Closet Collection Proprietary Limited	Director
	Novachill Proprietary Limited	Director

CORPORATE GOVERNANCE REPORT (CONTINUED)

PRINCIPLE 8

THE GOVERNING BODY SHOULD ENSURE THAT ITS ARRANGEMENTS FOR DELEGATION WITHIN ITS OWN STRUCTURE PROMOTE INDEPENDENT JUDGEMENT, AND ASSIST WITH BALANCE OF POWER AND THE EFFECTIVE DISCHARGE OF ITS DUTIES.

The board acknowledges that overall responsibility for managing Spear rests with the board as a whole. To assist it in fulfilling its responsibilities, the board delegates some of its functional responsibilities to its committees by means of clearly defined mandates. These committees report to the board on their deliverables in accordance with their board-approved terms of references on a continuous basis. Each committee was satisfied that it had discharged its duties accordingly during the year under review.

There are five board committees to facilitate efficient decision-making and assist the board in the execution of its duties, powers and authorities, as follows:

- Audit and risk committee
- Investment committee
- Remuneration committee
- Social and ethics committee
- Nominations committee

Audit and risk committee	Investment committee	Remuneration committee	Social and ethics committee	Nomination committee
Members				
Jalal Allie (Chair) Brian Goldberg Niclas Kjellström-Matseke	Brian Goldberg (Chair) Abu Varachhia Mike Flax Quintin Rossi Christiaan Barnard Niclas Kjellström-Matseke Sean McCarthy	Jalal Allie (Chair) Niclas Kjellström-Matseke Abu Varachhia	Niclas Matseke (Chair) Quintin Rossi Brian Goldberg Dr. Roze Phillips	Jalal Allie (Chair) Brian Goldberg Niclas Kjellström-Matseke Sean McCarthy
Composition				
<ul style="list-style-type: none"> • Minimum three directors • All independent • Independent Chair • At least one member has relevant financial qualification and experience 	<ul style="list-style-type: none"> • Board and Exco members • Independent Chair 	<ul style="list-style-type: none"> • Majority independent • Independent Chair and not board chair 	<ul style="list-style-type: none"> • Three independent • One prescribed officer • Independent Chair 	<ul style="list-style-type: none"> • Three independent • One non-executive • Independent Chair and not board chair
Responsibilities				
<ul style="list-style-type: none"> • Review and monitor key policies and processes • Make recommendations to the board regarding the auditor and lead audit partner 	<ul style="list-style-type: none"> • Review, approve and recommend acquisitions to the board 	<ul style="list-style-type: none"> • Ensure that the remuneration strategy is competitive to attract, develop and retain employees 	<ul style="list-style-type: none"> • Oversight and monitoring of organisational ethics • Oversight and monitoring of social and economic development 	<ul style="list-style-type: none"> • Review annually the board charter • Determine restrictions on the number of listed company boards on which a director may serve



Audit and risk committee	Investment committee	Remuneration committee	Social and ethics committee	Nomination committee
Responsibilities				
<ul style="list-style-type: none"> Oversee and review the quality of the effectiveness of the external audit Monitor the existence, nature, extent, implementation and effectiveness of the internal control processes Review the effectiveness of the financial director and finance function Review the effectiveness of the risk management framework Review material risk exposures Review financial statements and reports from external auditors and make recommendations to the board Review significant financial reporting issues and assess the appropriateness of accounting policies 		<ul style="list-style-type: none"> Review and approve the remuneration policy Approve the design of the Short Term Incentive scheme, including the determination of the targets and participation thresholds Approve the design of the Long-Term Incentive scheme, including the determination of the allocation criteria and performance conditions Review and monitor the progress of the employment value proposition Determine the succession of senior management 	<ul style="list-style-type: none"> Oversight and monitoring of good corporate citizenship Oversight and monitoring of customer relations Oversight and monitoring of environment, health and public safety Oversight and monitoring of broad-based black economic empowerment Oversight and monitoring of labour and employee engagement Compliance with applicable laws and regulations 	<ul style="list-style-type: none"> Determine the service periods of directors Determine the retirement and succession of directors Determine a policy governing the seeking of independent professional advice by individual board members Review annually the size structure and composition of the board Make recommendations on the appointment of new directors Identify and nominate candidates to fill board vacancies Approve the role and responsibilities of the Chairman and ensure there is a succession plan in place Evaluate annually the board and board committees' performance Evaluate annually the performance of the Chairman of the board Evaluate annually the performance of the Chief Executive Officer Evaluate annually the performance of the Company Secretary
Key areas of focus for 2021				
<ul style="list-style-type: none"> Continuous effective risk management Ensuring the control environment remains effective 	<ul style="list-style-type: none"> Assisting the board in concluding accretive property deals 	<ul style="list-style-type: none"> Ongoing review and implementation of remuneration policy to attract and retain vital talent 	<ul style="list-style-type: none"> Implementation of environmental strategy Monitoring the implementation of the compliance monitoring framework 	<ul style="list-style-type: none"> Ensuring the achievement of the broader diversification targets

CORPORATE GOVERNANCE REPORT (CONTINUED)

Attendance at committee meetings for the year under review are as outlined in the tables below.

Name of committee member	Audit and risk committee	Remuneration committee	Nomination committee	Social and ethics committee	Investment committee
Total number of meetings	3	2	2	2	0
Abu Varachhia	●	2	●	●	–
Mike Flax	●	●	●	●	–
Quintin Rossi**	●	●	●	2	–
Christiaan Barnard**	●	●	●	●	–
Niclas Kjellström-Matseke*	3	2	2	2	–
Jalal Allie*	3	2	2	●	●
Brian Goldberg*	3	●	2	2	–
Dr. Roze Phillips*	●	●	●	2	●
Sean McCarthy	●	●	2	●	–

* Independent

** Executive director

● Not a committee member at time of meeting

PRINCIPLE 9

THE GOVERNING BODY SHOULD ENSURE THAT THE EVALUATION OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES, ITS CHAIR AND ITS INDIVIDUAL MEMBERS, SUPPORT CONTINUED IMPROVEMENT IN ITS PERFORMANCE AND EFFECTIVENESS.

The board annually evaluates its own performance as a whole along with that of its committees. This is facilitated by each individual director completing a questionnaire anonymously. The responses of the questionnaire are then collected and collated whereafter the results therefrom are tabled to the board. Discussions are then held between the chairman and each individual director with regard to their performance and corrective action taken, if required.

The board effectiveness evaluation was undertaken by an independent service provider in accordance with recommended practice 74 of King IV™. The board was satisfied that the evaluation was effective and assisted in improving the board's performance.

PRINCIPLE 10

THE GOVERNING BODY SHOULD ENSURE THAT THE APPOINTMENT OF, AND DELEGATION TO, MANAGEMENT CONTRIBUTES TO ROLE CLARITY AND THE EFFECTIVE EXERCISE OF AUTHORITY AND RESPONSIBILITIES.

The Chief Executive Officer has delegated authority from the board regarding the responsibility and custodianship for day-to-day operations and risk management.

This mandate authorises the Chief Executive Officer to command required resources, internal and external, to ensure that Spear is managed in accordance with its strategic objectives. The Chief Executive Officer is further assisted in carrying out his duties by an executive team and senior management. Regular meetings are held between the executive team and senior management to attend to day-to-day operations and risk management. The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority.

With the assistance of the remuneration committee, a succession plan for the Chief Executive Officer and executive team is currently in place. Both the board and the executive team have access to corporate governance services which is deemed effective.

The other professional commitments of the Chief Executive Officer is outlined on page 7 of this report. The notice period for the Chief Executive Officer as stipulated in his employment contract is that of three calendar months.



PRINCIPLE 11

THE GOVERNING BODY SHOULD GOVERN RISK IN A WAY THAT SUPPORTS THE ORGANISATION IN SETTING AND ACHIEVING STRATEGIC OBJECTIVES.

The board is responsible for the governance of risk and delegates oversight thereof to the audit and risk committee to monitor the risk management framework and risk management processes. Risk management is an integral part of Spear’s strategic management and is essential in ensuring sustainable growth.

The board is assisted by the audit and risk committee in managing the risk management framework that articulates and gives effect to its set direction on risk. The executive team further continues to monitor and identify key risks in the business.

During the year under review, emphasis was placed on mitigating key risks that had been identified in the industry such as the drought crisis in the Western Cape resulting in a decline in the leisure industry and tenant failure due to tough economic conditions. Spear implemented various water initiatives to mitigate the impact of the drought crisis on its properties as outlined in the integrated report. In terms of tenant failure, heightened credit vetting procedures were implemented to mitigate the impact of tenant failure. Spear will continue to assess and monitor these risks in the current year going forward. The diagram below sets the risk management oversight framework.

Risk leadership	Board of directors		
	<ul style="list-style-type: none"> • Provides oversight of risk exposures and risk-taking • Sets and communicates expectations for risk management • Approves appetite for risk 		
Lines of defence	Executive team		
	<ul style="list-style-type: none"> • Sets business direction and resolved sufficient business risk issues • Provides recommendations to the board on the risk policy framework, risk appetite and risk practices • Implements operational risk management in the business units 		
	The business (First line of defence) <i>Owns and manages risks</i> <ul style="list-style-type: none"> • Property management and operations • Acquisition and disposal of properties 	Oversight functions (Second line of defence) <i>Oversees and sets the framework and standards</i> <ul style="list-style-type: none"> • Group risk • Human resources • Health and safety • Group quality • Technical services • Legal and compliance • Finance 	Independent assurance (Third line of defence) <i>Provides independent assurance of frameworks and controls effectiveness</i> <ul style="list-style-type: none"> • External audit

PRINCIPLE 12

THE GOVERNING BODY SHOULD GOVERN TECHNOLOGY AND INFORMATION IN A WAY THAT SUPPORTS THE ORGANISATION SETTING AND ACHIEVING ITS STRATEGIC OBJECTIVES.

The board approves policy that articulates and gives effect to its set direction on the employment of technology and information and with the assistance of the executive team who tracks new developments in technology.

The executive team is responsible for the implementation of the ICT strategy against operational plans and had procured the services of an external service provider to manage Spear’s technology and information framework. The finance and property management functions of Spear are heavily reliant on technology and information. The board is of the view that the current technology and information frameworks are adequate.

CORPORATE GOVERNANCE REPORT (CONTINUED)

PRINCIPLE 13

THE GOVERNING BODY SHOULD GOVERN COMPLIANCE WITH APPLICABLE LAWS AND ADOPT NON-BINDING RULES, CODES AND STANDARDS IN A WAY THAT SUPPORTS THE ORGANISATION BEING ETHICAL AND A GOOD CORPORATE CITIZEN.

The board is responsible for the stewardship of Spear in discharging its obligations and assumes responsibility for monitoring management's implementation of board plans and strategies to promote ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and practices, and Spear's own governing documents.

The board is assisted in achieving compliance with all applicable laws and regulations by the audit and risk committee and the social and ethics committee, the executive team and the Company Secretary. Regular legislative updates are provided to the committees to assist the committees, and the board, in ensuring compliance with all applicable laws and regulations.

During the year under review and with the assistance of the social and ethics committee and the audit and risk committee, key emphasis was placed on the effectiveness of the compliance reporting framework. Continued emphasis will be placed on ensuring the effectiveness of the monitoring of compliance with all laws and regulations in the ensuing financial year.

PRINCIPLE 14

THE GOVERNING BODY SHOULD ENSURE THAT THE ORGANISATION REMUNERATES FAIRLY, RESPONSIBLY AND TRANSPARENTLY SO AS TO PROMOTE THE ACHIEVEMENT OF STRATEGIC OBJECTIVES AND POSITIVE OUTCOMES IN THE SHORT, MEDIUM AND LONG TERM.

The board, with the assistance of the remuneration committee, assumes responsibility for policies relating to non-executive, executive and employee remuneration and the establishment of a remuneration strategy to promote the achievement of Spear's strategic objectives and encourages individual performance.

During the year under review and with the assistance of the remuneration committee and independent external advice received from PricewaterhouseCoopers, the board reviewed the remuneration trends in the market. All remuneration packages in Spear were benchmarked and adjusted to similar positions in the meetings industry to ensure that they were fair and competitive.

Given the impact of COVID-19 on the business operations, the board had reduced their non-executive fees for a five-month period by 50%. Furthermore, the average total cost-to-company salary expense was reduced by 18% for the Spear group, which included the executives for a three-month period.

PRINCIPLE 15

THE GOVERNING BODY SHOULD ENSURE THAT ASSURANCE SERVICES AND FUNCTIONS ENABLE AN EFFECTIVE CONTROL ENVIRONMENT, AND THAT THESE SUPPORT THE INTEGRITY OF INFORMATION FOR INTERNAL DECISION-MAKING AND OF THE ORGANISATION'S EXTERNAL REPORTS.

The board assumes responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions to enable an effective internal control environment. The board and its committees have a duty to assess with objectivity and to form their own opinion on the integrity of information and reports, both internal and external.

The audit and risk committee is primarily responsible for assisting the board in carrying out its duties with regard to accounting policies, internal controls, audit, financial reporting, identification and monitoring of risk and the relationship with the internal auditors and external auditors.

The board satisfied itself that a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that, taken as a whole, these support the objectives for assurance as described in the integrated report and financial statements.



PRINCIPLE 16

IN THE EXECUTION OF ITS GOVERNANCE ROLE AND RESPONSIBILITIES, THE GOVERNING BODY SHOULD ADOPT A STAKEHOLDER-INCLUSIVE APPROACH THAT BALANCES THE NEEDS, INTERESTS AND EXPECTATIONS OF MATERIAL STAKEHOLDERS IN THE BEST INTERESTS OF THE ORGANISATION OVER TIME.

The board assumes responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in the organisation.

Regular communication, engagement and feedback is a cornerstone of building relationships with our stakeholders. The maintaining of stakeholder relationships is upheld via the board and management through various communication touch points to ensure that stakeholders feel part of and integral to Spear.

A range of information is made available to stakeholders via SENS announcements and our website as well as investor roadshows and webcasts. Other shareholder engagement activities include the annual general meeting and the release of the integrated report and financial results.



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