NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. Basis of presentation of financial statements

1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), 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 29 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 29 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 in terms of IAS 40 Investment Properties.

Other areas of significant judgement and estimations

	Note
Computation of equity-settled share-based payment	30
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
• Loan to/(from) related parties	11
• Trade and other receivables	12
• Cash and cash equivalents	13
• Trade and other payables	16
• 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 and for financial liabilities, classified according to the reason they were acquired.

At initial recognition, the group 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 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 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's 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 consists 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 of 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.

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. Basis of presentation of financial statements (continued)

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, 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 to 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, IFRS 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. The group recognised a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities. 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 are initially recognised at cost which includes all expenditure that is directly attributable to the acquisition of the asset.

Subsequently, all property, plant and equipment are 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 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 refunds consist 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 in 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 or 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 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 the 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 of the 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 30 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 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 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 financial statements it was therefore not detailed further.

	Date effective
IBOR Reform and its Effects on Financial Reporting – Phase 2	1 January 2021
IFRS 16 Leases (Further Amendment – Covid-19 Related Rent Concessions beyond 30 June 2021)	1 April 2021

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

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued but not yet effective at 28 February 2022

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
IFRS 3 Business combinations	Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	1 January 2022	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
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
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
IAS 1 Presentation of Financial Statements (Amendment – Disclosure of Accounting Policies)	The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	1 January 2023	Assessed to have little impact/change to the current treatment
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Accounting Estimates)	The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.	1 January 2023	Assessed to have little impact/change to the current treatment
IAS 12 Income Taxes (Amendment – Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction)	The amendment clarifies whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.	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 1/2021 for the group and should be read in conjunction with Appendix 1, where earnings are reconciled to company funds from operations ("CFFO"). CFFO determines the dividend declared to shareholders, which is a meaningful metric for a stakeholder in a REIT.

3.1 Basic earnings per share

Shares in issue		2022 Number of shares	2021 Number of shares
Number of shares in issue at end of period net of treasury shares		**234 431 877**	205 733 231
Weighted average number of shares in issue		**216 603 351**	208 003 843
Diluted weighted average number of shares in issues		**216 603 351**	208 003 843
Basic earnings per share			
Earnings (profit attributable to owners of the parent)	(R'000)	**164 924**	53 008
Basic earnings per share	(cents)	**76.14**	25.48
Diluted earnings per share	(cents)	**76.14**	25.48

3.2 Headline earnings per share

Reconciliation between basic earnings and headline earnings	2022 R'000	2021 R'000
Earnings (profit attributable to owners of the parent)	**164 924**	53 008
	Gross	Gross
Adjusted for:		
Fair value adjustments to investment properties	**(2 051)**	106 404
Impairment of investments	**267**	119
Taxation on items	**–**	–
Headline earnings	**167 242**	159 531
Headline earnings per share	**Cents**	Cents
Headline earnings per share	**77.21**	76.70
Diluted headline earnings per share	**77.21**	76.70

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 are 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 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.

4. Segment information (continued)

The segment information for the group for the year ended 28 February 2022 is set out below

	Industrial R'000	Commercial R'000	Retail R'000	Hospitality R'000	Non-property R'000	Development land R'000	Total R'000
Segment revenue	182 576	257 853	85 634	28 519	254	–	554 836
Straight-lining of leases	5 583	5 350	3 020	6 073	–	–	20 026
Net property operating profit	123 648	178 598	58 836	19 654	(38 765)	(17)	341 953
Fair value adjustments	58 024	(16 350)	36 193	(64 831)	(15 087)	–	(2 051)
Profit from operations	180 750	4 878	92 462	(45 694)	83 759	(17)	316 137
Finance income	644	546	611	1 755	37	54	3 647
Finance costs	(25 989)	(85 412)	(10 370)	(5 005)	(24 159)	–	(150 935)
Investment property	1 185 290	2 178 192	640 580	274 981	–	–	4 279 043
Investment property held for sale	71 400	–	–	–	–	–	71 400
Investment property under development and land	–	–	–	–	–	49 795	49 795
Straight-lining of lease asset	13 645	37 243	22 520	4 019	–	–	77 427
Total assets	1 370 817	2 115 405	721 198	289 201	(13 797)	47 649	4 530 473
Total liabilities	(408 880)	(1 041 091)	(198 736)	(1 096)	(208 603)	1 277	(1 857 129)

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 15.

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 88% of the company funds from operations for the year ended 28 February 2022 and maintain a payout ratio of 85% – 95% 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") to 55% for the current period and 50% for future periods and targets an LTV range of between 38% and 43% over time. The group's interest rate cover must remain above 1.75 for the current financial period and above 2.00 for future financial periods.

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

Refer to Appendix 1 for detailed calculations provided and 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 2022 was as follows:

Total borrowings		2022 R'000	2021 R'000
Total net debt	Appendix 1	1 751 066	2 072 908
Carrying amount of property-related assets	Appendix 1	4 483 867	4 525 450
LTV ratio*	(%)	39.05	45.81

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 exposes the company to cash flow interest rate risk, which is partially offset by cash held at variable rates.

During FY2022, 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 2022 R'000	Group 2021 R'000
Fair value interest rate risk		
– Fixed rate debt		
Standard Bank	867 360	863 984
Nedbank	326 000	326 000
Total	1 193 360	1 189 984
Cash flow interest rate risk		
– Variable-rate instrument		
Standard Bank	21 904	104 291
Nedbank	565 016	810 973
Total	586 920	915 264
No interest rate risk		
Cash and cash equivalents	29 214	32 062
Trade and other receivables	15 934	19 918
Trade and other payables	71 625	85 057
Loan to related parties	–	1 689
Total	116 773	138 726

Fair value interest rate risk

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 2022 is illustrated below:

	Group 2022 R'000	Group 2021 R'000
Sensitivity analysis to interest rates		
Increase in earnings if interest rates had been 0.5% lower during the year	2 935	4 576
Decrease in earnings if interest rates had been 0.5% higher during the year	(2 935)	(4 576)

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 2022 R'000	Group 2021 R'000
Variable debt		586 920	915 264
Fixed debt		1 193 360	1 189 984
Total net debt		1 780 280	2 105 248
Percentage fixed	(%)	67.03	56.52

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

5. Financial risk management and fair value measurement (continued)

5.2 Risk management *(continued)*

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
Loan 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 2022 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 are 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 2022		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	5	7	10	55

Overall, the group experienced reducing risk and an overall improvement in payments and reducing arears of tenants as economic activities improved during the financial year.

Loss limits for the financial year were adjusted to reflect the improved economic environment except for 120 days where specific tenants with legal matters were provided for.

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

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 counter-party 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 2022.

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

	Group	
Financial institution	2022 R'000	2021 R'000
Nedbank (Rating – Ba2)	15 585	19 752
Investec (Rating – Ba2)	13 628	12 589
Cash/(overdraft) in trading account	–	(278)
	29 214	32 063

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 remained consistent from the prior period where the rating was Ba2. 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.

The group will continue to transact with these entities given the fact that any rating change will be 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.

Loan 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 are 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	
Financial instrument	2022 R'000	2021 R'000
Cash and cash equivalents	29 214	32 062
Trade and other receivables	15 934	19 918
Financial asset	4 287	25 586
Loan to related parties	–	1 689
	49 435	79 255

Due to their short-term nature, the carrying values of cash and cash equivalents, trade and other receivables and loan to related parties approximate 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.

5. Financial risk management and fair value measurement (continued)

5.2 Risk management *(continued)*

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				
	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**
At 28 February 2022					
Financial liabilities (bank debt)	**134 949**	**1 506 929**	**457 503**	**–**	**2 099 381**
Trade and other payables	**71 625**	**–**	**–**	**–**	**71 625**
Loan from related party	**386**	**–**	**–**	**–**	**386**
	206 960	**1 506 929**	**457 503**	**–**	**2 171 392**

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				
	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
At 28 February 2021					
Financial liabilities (bank debt)	557 771	1 507 091	362 159	–	2 427 021
Trade and other payables	85 057	–	–	–	85 057
	642 828	1 507 091	362 159	–	2 512 078

6. Investment properties (including straight-line accrual)

Investment property	Notes	Group **2022 R'000**	2021 R'000
Investment property (excluding lease asset)	6.1	**4 279 042**	4 373 245
Investment properties under development	6.2	**7 691**	12 361
Investment properties held for sale	6.3	**71 400**	–
Land held for future development	6.4	**42 105**	32 309
Straight-line lease asset	6.1	**77 427**	78 055
		4 477 665	4 495 970

Reconciliation of investment property categories	Notes	Group **2022 R'000**	2021 R'000
6.1 Investment property (including lease asset)			
Opening balance		**4 451 300**	3 950 803
Acquisitions		**–**	387 842
Net cost capitalised		**23 577**	14 123
Fair value adjustments		**13 036**	(106 403)
Transfer to held for sale		**(71 400)**	–
Transfer from development		**38 102**	321 527
Transfer to development		**–**	(90 000)
Disposal		**(118 172)**	(58 830)
Straight-line adjustment		**20 026**	32 238
Closing balance		**4 356 469**	4 451 300
6.2 Investment properties under development			
Opening balance		**12 361**	201 008
Transfer from investment property		**–**	90 000
Cost capitalised		**31 177**	39 523
Borrowing cost capitalised		**2 256**	3 357
Transfer to investment property		**(38 102)**	(321 527)
Closing balance		**7 691**	12 361

	Notes	Group **2022 R'000**	2021 R'000
6.3 Investment properties held for sale			
Fair value		**71 400**	–
Carrying value		**71 400**	–
Movement in investment properties held for sale:			
Carrying value at beginning of period		**–**	–
Transfer from investment property	6	**71 400**	–
Disposals		**–**	–
Carrying value at the end of the period		**71 400**	–
6.4 Land held for future development			
Opening balance		**32 309**	32 183
Cost capitalised		**1 162**	126
Acquisitions		**8 634**	–
Closing Balance		**42 105**	32 309

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 R2.3 million was capitalised to investment property during the financial year (2021: R3.4 million).

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

Securities

Investment properties to the value of R4.3 billion are encumbered as security against the group's loan facilities (note 7).

Details of valuation

Refer to note 29 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 **2022 R'000**	2021 R'000
Secured debt held at amortised cost		
Non-current		
Nedbank	**891 016**	1 036 743
Standard Bank	**889 264**	661 484
	1 780 280	1 698 227
Current		
Nedbank	**–**	100 230
Standard Bank	**–**	306 791
	–	407 021
Total gross debt	**1 780 280**	2 105 248
Cash and cash equivalents	**(29 214)**	(32 340)
Total net debt	**1 751 066**	2 072 908

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

		Type	Average margin/ fixed rate %	Average expiry Months
Standard Bank	Variable	Prime	–	–
Standard Bank	Fixed	–	8.15	31.11
Nedbank	Variable	Prime	–	–
Nedbank	Variable	3-month JIBAR	1.93	27.02
Nedbank	Fixed	–	8.72	24.08

7. Financial liabilities (continued)

7.2 Reconciliation of cash movement in net group debt for the year ended 28 February 2022

	2021 R'000	Statement of comprehensive income R'000	Cash flows R'000	Disposal of subsidiary R'000	2022 R'000
Gross debt	2 105 248	150 935	(375 902)	(100 000)	1 780 281
Cash and cash equivalents	(32 062)	–	2 849		(29 213)
	2 073 186	150 935	(373 054)	(100 000)	1 751 067

The cash flows have been analysed below:

	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	81 287	(307 021)	(150 168)	(375 902)

8. Property, plant and equipment

		2022			2021		
	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	213	(151)	62	141	(80)	61
Furniture and fixtures	6	2 131	(994)	1 137	2 131	(497)	1 634
Motor vehicles	5	706	(302)	405	601	(90)	511
Total		3 051	(1 447)	1 604	2 873	(667)	2 206

Reconciliation of property, plant and equipment: Group – 2022

	Opening balance R'000	Additions R'000	Disposal R'000	Depreciation R'000	Closing balance R'000
Computer equipment	61	72	–	(71)	62
Computer equipment	61	72	–	(71)	62
Furniture and fixtures	1 634	–	–	(497)	1 137
Motor vehicles	511	418	(313)	(212)	405
	2 206	491	(313)	(780)	1 604

Reconciliation of property, plant and equipment: Group – 2021

	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

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

9. Investment in subsidiaries

	Acquisition date	Holding	Group 2022 %	2021 %
Spear Holdco Proprietary Limited	2016/11/01	Direct	100	100
Webram Four Proprietary Limited	2018/07/01	Direct	100	100
George Aerotropolis Proprietary Limited	2019/10/07	Indirect	51.2	51.2
Upper East Side Hotel Proprietary Limited	2016/11/01	Indirect	–	100
Fundamental Holdings Proprietary Limited	2016/11/01	Indirect	100	100
Spear One Proprietary Limited	2017/02/02	Indirect	100	100
Blend Property 15 Proprietary Limited	2017/06/12	Indirect	100	100

100% of the group interest in Upper East Side Hotel Proprietary Limited ("UES") was disposed of effective 1 February 2022 for a consideration of R45.7 million for its net assets (assets: R153.8 million and liabilities: R100 million) relating to the hotel and two commercial units. Prior to the disposal all other commercial and retail units owned by UES were acquired by Spear Holdco Proprietary Limited ("Holdco") for R127 million as an inter-company investment property acquisition with the effective date of risk and rewards of these units being transferred to Holdco on 1 February 2022.

The property was disposed of to a consortium of shareholders of which two shareholders are directors of Spear REIT Limited. This transaction was classified as a small related-party transaction by the JSE.

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

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

	George Aerotropolis Proprietary Limited 2022	2021
(%)	51.2	51.2
Statement of financial position		
Non-current assets	42 539	32 478
Current assets	2 155	3 076
Total assets	44 693	35 554
Non-controlling interest	23 255	19 041
Statement of comprehensive income		
Total revenue	–	–
Profit from operations	(17)	(14)
Profit for the year	302	90
Profit attributable to: Equity owners of parent	302	48
Profit attributable to: Non-controlling interest	–	–
Statement of cash flows		
Net cash generated from operations	240	697
Net cash utilised in investing activities	(1 162)	(126)
Net cash generated from financing activities	–	–
Total cash movement for the period	(922)	570
Dividend paid to non-controlling interest	–	42

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

- 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 2022 R'000	2021 R'000
Tenant loan – Multi Rooms Management Proprietary Limited	–	21 204
Tenant loan – 12 Pickwick	4 287	4 382
	4 287	25 586
Current assets	–	21 204
Non-current assets	4 287	4 382
	4 287	25 586

The group advanced funds to the hotel operator, Multi Rooms Management Proprietary Limited, for use in operations during the Covid-19 government-forced closures. Interest is charged on the balance at prime less 1.25% and repayable on demand. The loan claims were disposed of together with the net assets of Upper East Side Hotel Proprietary Limited effective 1 February 2022.

The group advanced a loan of R6 million in June 2018 to a tenant for the internal refurbishment of their rented space at 12 Pickwick. The loan carries interest at prime plus 1.50% 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:

10. Financial asset (continued)

12 Pickwick tenant

The tenant was forced to close operations during FY2021 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 building was fully reinstated in November 2021 and the tenant could utilise 100% of the property from December 2021 post reinstatement. For these reasons the contractual payments were ceased as these relate to circumstances outside the control of the tenant. All business interruption claims were submitted to insurers for both rental loss and repayment of the loan and the unpaid amount is fully recoverable post approvement of the business interruption claims. 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 have 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.

11. Loans to/(from) related parties

	Group 2022 R'000	Group 2021 R'000
Entities with common directors or trustees		
VAXR Trust (controlled by directors)	**–**	1 689
Upper East Side Hotel Proprietary Limited (controlled by directors)	**(386)**	–
All related party loans are unsecured, interest-free and repayable on demand.		
Current assets	**–**	1 689
Current liabilities	**(386)**	–
	(386)	1 689

12. Trade and other receivables

	Group 2022 R'000	Group 2021 R'000
Trade receivables (tenants)	**20 570**	17 359
Allowance for doubtful trade receivables	**(5 059)**	(3 138)
Rental guarantees receivable*	**–**	5 300
Property utility deposits	**424**	377
Staff loans	**–**	20
Total at amortised cost	**15 934**	**19 918**

* *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 12 months thereafter and lapses at such a point within the two-year guarantee period when the building is fully tenanted. The guarantee was paid in full during the current financial year.*

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

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 history with the company as per note 5 and can be categorised into the following groups:

	Group 2022 R'000	Group 2021 R'000
Large nationals, large listed and government tenants	**5 377**	2 585
Smaller international and national tenants	**9 678**	10 130
Other local tenants and sole proprietors	**5 514**	4 644
	20 570	17 359

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

	Group 2022 R'000	Group 2021 R'000
Ageing of trade receivables		
The ageing of trade receivables at year-end was as follows:		
Current – up to 30 days	**5 541**	5 804
Past due – between 31 and 90 days	**5 531**	5 492
Past due – 91 days and longer	**9 497**	6 063
	20 570	17 359

Expected credit losses

The group applies the IFRS 9 simplified approach to measuring 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 inflation, rising interest rates, continued effect of Covid-19, gross domestic product (GDP) growth, 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 0.41% of total revenue per financial year.

At 28 February 2022 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**	**5**	**7**	**10**	**55**
Trade receivable ageing excluding VAT*	(R'000)	**4 819**	**2 125**	**1 582**	**1 103**	**8 259**
Loss provision	(R'000)	**241**	**106**	**111**	**110**	**4 542**

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

	Group 2022 R'000	Group 2021 R'000
Opening loss allowance – 28 February 2021	**3 138**	2 839
Loss allowance recognised	**6 888**	4 552
Loss allowance utilised	**(4 967)**	(4 253)
Closing loss allowance – 28 February 2022	**5 059**	3 138

Post-year receivables as at 10 March 2022 have been reduced to R17.1 million (R14.9 million excluding VAT) from R20.5 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 2022 R'000	Group 2021 R'000
Composition of cash and cash equivalents		
Current accounts	**13 435**	16 324
Cash/(overdraft) in investment account	**–**	(278)
Cash on call	**15 779**	16 017
	29 214	32 062

Credit exposure of cash and cash equivalents

Amounts in current and call accounts are invested with reputable institutions (refer note 5 for credit ratings).

14. Other financial assets

		Group 2022 Number of shares	Group 2021 Number of shares
Opening balance		**8 882 340**	5 342 595
Acquisitions		**12 149 302**	3 679 745
Disposal		**(9 400 000)**	(140 000)
CSP settlement		**(1 217 129)**	–
Total treasury shares held		**10 414 513**	**8 882 340**
Market value of shares	(R'000)	**88 523**	45 300
Cash held in trading account	(R'000)	**539**	(278)

15. Share capital

	Group 2022 Number of shares	Group 2022 Value of shares R'000
Authorised		
1 000 000 000 ordinary shares of the same class and no par value		
Issued		
234 431 877 ordinary shares of the same class and no par value	**234 431 877**	**2 168 821**

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

	Group 2022 Number of shares	Group 2022 Value of shares R'000
Reconciliation of number of shares issued		
Opening balance	**205 733 231**	**1 923 355**
Add back: Treasury shares prior period	**8 882 340**	**69 109**
Private placement 4 February 2022	**30 230 819**	**253 939**
Share issue cost	**–**	**743**
Treasury shares at cost	**(10 414 513)**	**(78 325)**
Closing balance	**234 431 877**	**2 168 821**

	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	1 533 333	11 500
Section 42 shares to Spear Holdco for Spear One Shareholding	–	(11 500)
Share issue cost	–	(223)
Treasury shares at cost	(8 882 340)	(69 109)
Closing balance	205 733 231	1 923 355

A total of 12.15 million ordinary shares were repurchased at an average price of R7.20 and held as treasury shares in a subsidiary company from prior year-end.

A total of 9.40 million ordinary shares were sold at an average price of R7.72 from treasury shares held pre the AGM held in July 2021.

16. Trade and other payables

	Group 2022 R'000	Group 2021 R'000
Tenant deposits	**33 815**	34 830
Trade payables	**6 239**	22 820
Other accruals	**9 400**	4 759
Trade receivables with credit balances	**17 022**	19 894
Accrual for audit fees	**655**	452
Payroll accruals	**–**	–
Non-controlling interest profit – GAT	**41**	42
Adjustment account liability properties sold	**262**	–
Total at amortised cost	**67 433**	82 797
VAT payable	**4 191**	2 259
Total trade and other payables	**71 625**	85 057

17. Future lease payments due

	Group 2022 R'000	Group 2021 R'000
Contractual future lease receivables are as follows:		
Within 1 year	**411 708**	373 957
Year 2	**324 886**	343 866
Year 3	**247 017**	270 612
Year 4	**161 256**	205 202
Year 5	**115 165**	107 383
More than 5 years	**176 670**	215 693
	1 436 701	1 516 713

18. 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 2022 R'000	Group 2021 R'000
Opening balance	**6 179**	6 942
Assessed losses post provisional tax submission	**987**	–
Disposal of subsidiary	**(5 493)**	–
Assessed losses recognised	**396**	137
Assessed losses utilised	**(841)**	(900)
Net deferred tax asset	**1 228**	6 179

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 amount to R4 million and will be utilised through profits not distributed.

19. 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 2022 R'000	Group 2021 R'000
Contractual rental income (IFRS 16)	**413 574**	377 846
Straight-line rental accrual	**20 026**	32 238
Operating expenditure recoveries	**16 192**	14 276
Utility recoveries	**124 562**	106 008
	574 354	530 368

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

20. Other income

	Group 2022 R'000	Group 2021 R'000
Fee recoveries	**23**	13
Lease fees	**205**	167
Bad debts recovered	**30**	54
Insurance claims	**17**	636
Other income	**234**	–
	509	869

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

21. Expenses by nature

	Notes	Group 2022 R'000	2021 R'000
Property operating and management expenditure			
Employee benefits	21.1	**24 687**	16 131
Head office expenditure	21.4	**12 451**	10 534
Property operating expenditure	21.4	**195 771**	160 925
Depreciation	21.4	**13 769**	11 754
Total		**246 678**	199 344

All properties of the company are income-generating and generated income for the full period ended 28 February 2022 or from acquisition date, except for the land acquired.

21.1 Employee benefits

	Notes	Group 2022 R'000	2021 R'000
Salaries and wages		**7 167**	9 662
Non-executive directors' fees	21.2	**2 760**	2 067
Executive director emoluments	21.3	**14 760**	4 402
		24 687	16 131

21.2 Non-executive directors' fees

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

Director		Group 2022 R'000	2021 R'000
A Varachhia	Non-executive Chairman	**618**	471
MN Flax	Non-executive Deputy Chairman	**608**	463
JE Allie	Lead independent non-executive	**327**	241
BL Goldberg	Independent non-executive	**318**	230
N Kjellström-Matseke	Independent non-executive	**328**	241
RL Phillips (Dr.)	Independent non-executive	**277**	210
CS McCarthy	Non-executive	**287**	210
		2 760	2 067

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

21.3 Executive directors' emoluments

Remuneration paid to executive directors comprised of:

		Year ended 28 February 2022					
Director		**Salary R'000**	**Other benefits R'000**	**Performance bonus (STI) R'000**	**Long-term incentive vested R'000**	**Total R'000**	**Total IFRS 2 charge R'000**
QM Rossi	CEO	**2 818**	**137**	**2 561**	**2 785**	**8 300**	**1 537**
C Barnard	CFO	**1 990**	**97**	**1 588**	**2 785**	**6 459**	**1 537**
		4 808	**234**	**4 148**	**5 570**	**14 760**	**3 073**

		Year ended 28 February 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

21.4 Operating and head office expenditure and depreciation

	Group 2022 R'000	2021 R'000
Property taxes and utility expenses	**127 121**	110 702
Property operational costs	**51 195**	39 513
Repairs and maintenance	**17 455**	10 710
Depreciation	**13 769**	11 754
Auditor's remuneration	**950**	835
Accounting and taxation fees	**127**	70
Bad debts written off	**1 829**	1 414
Provision for bad debt	**5 059**	3 138
Employee benefits	**24 687**	16 131
Other operating expenditure	**4 486**	5 077
	246 678	199 344

22. Taxation

	Notes	Group 2022 R'000	2021 R'000
Current tax			
Capital gains taxation refund		**–**	–
Current tax expense	21.1	**4 467**	7 527
		4 467	7 527
Deferred tax			
Originating and reversing temporary differences		**(542)**	764
		3 925	8 291

The company is a REIT and all subsidiaries in the group are "controlled companies" as defined in the Income Tax Act. After deducting the "qualifying distribution", being 88% 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, are 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.

22.1 Reconciliation of tax expense

		Group 2022 R'000	2021 R'000
Reconciliation between accounting profit and tax expense			
Accounting profit		**230 126**	65 275
Tax at applicable rate	28%	**64 435**	18 277
Deductible temporary differences		**(17 033)**	23 367
Taxable earnings		**47 403**	41 644
Less: Qualifying distribution		**(39 314)**	(33 315)
Less: Antecedent dividend		**(2 910)**	–
Taxable profit		**5 179**	8 329
Assessed loss utilised		**(712)**	(802)
		4 467	7 527

The estimated tax loss available for set-off against future taxable income is R4 million (FY2021: R22 million) after the prior period utilisation of the assessed loss.

23. Cash generated from/(used in) operations

	Notes	Group 2022 R'000	2021 R'000
Cash generated from operations			
Profit before tax:		**168 849**	65 275
Adjusted for:			
Straight-line rental income accrual		**(20 026)**	(32 238)
Depreciation	6 and 8	**13 769**	11 754
Fair value adjustment – Investment property	6	**(2 051)**	106 404
Impairment Investments		**267**	119
Finance income	23.2	**(3 647)**	(5 909)
Finance cost	23.1	**150 935**	153 836
Share-based payment expense	30	**9 440**	11 891
Working capital movements			
Trade and other receivables	12	**3 984**	(6 292)
Trade and other payables	16	**(13 432)**	15 026
		312 190	319 866

Notes to the cash flow statement	Group 2022 R'000	2021 R'000
23.1 Finance costs		
Interest paid on bank loans	**150 851**	153 612
Interest accrual paid current year	**(766)**	(1 244)
Interest paid on deposits	**61**	172
Interest paid on bank accounts	**23**	52
	150 169	152 592
23.2 Finance income		
Interest earned on late payment from tenants	**(998)**	(966)
Interest earned on loan accounts	**–**	–
Interest earned on financial asset	**355**	(969)
Interest earned on call accounts	**(2 648)**	(1 040)
	(3 291)	(2 975)
23.3 Tax paid		
Taxation per the income statement	**(3 925)**	(8 290)
Taxation (receivable)/payable end of period	**(147)**	314
Deferred tax utilisation	**(562)**	764
Balance (paid)/received during the period	**(4 634)**	(7 213)
23.4 Distribution paid		
Dividend of prior period paid	**(59 815)**	(94 128)
Interim dividend paid	**(67 145)**	(58 284)
Antecedent dividend paid	**–**	–
	(126 960)	(152 413)

24. Capital commitments

	Group 2022 R'000	2021 R'000
Contracted for acquisition of new land and buildings	**40 000**	–
Contracted tenant installation allowance	**883**	3 882
Contracted maintenance and capital installation to existing properties	**7 016**	4 150
Contracted for expansion to existing property	**12 055**	29 306
	59 954	37 338

25. 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, the details of which are disclosed as follows:

	Note
Key management of the company is the executive and non-executive directors (also see directors report)	**21**
Investments in and amounts owing by related parties	**9**
Remuneration paid to directors, executive and non-executive	**21**
Details of director's interest in the ordinary shares of the company are provided in the director's report	
Details relating to share-based payments of key management	**30**
Investments property disposed of to related parties	**9**

	2022 R'000	2021 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)	**1 318**	240
– Rental received – Kitchen Emporium (close family member of executive director)	**438**	443

26. 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.

The group took transfer of the following property after period end:

	Transfer date	Acquisition value R'000	Debt funding R'000	Equity funding R'000	Yield %
27 Junction Road, Parow	**TBC**	**65 000**	**25 000**	**40 000**	**9.73**
		65 000	**25 000**	**40 000**	**9.73**

The group disposed of the following properties after period end:

	Disposal date	Gross disposal value R'000	Debt settled R'000	Cash retained R'000	Disposal yield %
Talana Close, Bellville	**2022/04/08**	**71 400**	**25 000**	**46 400**	**9.00**
Island Business Park, Paarden Eiland	**TBC**	**22 500**	**–**	**22 500**	**10.00**
		93 900	**25 000**	**68 900**	**9.50**

27. Financial asset by category

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

	Notes	Group 2022 Amortised cost R'000	2022 Total R'000	2021 Amortised cost R'000	2021 Total R'000
Trade and other receivables	12	**15 934**	**15 934**	19 918	19 918
Cash and cash equivalents	13	**29 214**	**29 214**	32 340	32 340
Loan to related party	11	**–**	**–**	1 689	1 689
Financial assets	10	**4 287**	**4 287**	25 586	25 586
		49 435	**49 435**	79 533	79 533

28. Financial liability by category

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

		Group					
		2022			2021		
	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	**1 780 280**	**–**	**1 780 280**	2 105 248	–	2 105 248
Loans from related party	11	**386**	**–**	**386**	–	–	–
Trade and other payables	16	**67 434**	**4 191**	**71 625**	82 797	2 259	85 057
		1 848 100	**4 191**	**1 852 291**	2 188 045	2 259	2 190 305

29. 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	
Levels of fair value measurements	**2022 R'000**	2021 R'000
Assets		
Non-current assets held for sale (Level 3)	**71 400**	–
Investment properties (Level 3)	**4 406 265**	4 495 970
Total assets at fair value	**4 406 265**	4 495 970

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 valued with sufficient regularity to ensure that the reported value is representative of fair value. Per JSE requirements a third of investment properties are required to be valued by an external independent valuer on an annual basis and the remaining two thirds are valued internally, by management. All valuations were performed with the effective date 28 February 2022.

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- or 10-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 2022, the following assumptions and unobservable inputs used by the group in determining fair value were in the following ranges:

		Industrial	Commercial	Retail	Hospitality	Total 2022	Total 2021
Average discount rate	(%)	**13.56**	**13.54**	**13.42**	**Note 1 & 2**	**13.50**	13.95
Average capitalisation rate	(%)	**9.00**	**9.18**	**8.92**		**9.03**	8.95
Average exit capitalisation rate	(%)	**9.22**	**9.50**	**9.17**		**9.30**	9.25
Average prior year exit capitalisation rate	(%)	**9.33**	**9.29**	**9.13**		**9.25**	–
Average rental growth rate	(%)	**4.56**	**4.36**	**4.50**		**4.47**	5.00
Average expense growth rate	(%)	**6.00**	**6.00**	**6.00**		**6.00**	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

Note 1: 15 on Orange is valued at the call option price of R265 million excluding the residential penthouse of R14 million, which is deemed to be fair market value.

Note 2: UES DoubleTree by Hilton Hotel was sold effective 1 February 2022.

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)	**127 034**	**158 245**	**110 517**	**279 000**	**142 835**
Average value per m²	(Rands)	**4 897**	**16 664**	**13 546**	**16 744**	**9 669**

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. The inter-relationship between unobservable inputs and fair value measurements is 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 where required. The material assumptions applied in property valuations have not changed materially from the prior year-end.

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

	Group	
	2022 R'000	2021 R'000
Sensitivity analysis		
Increase in fair value if exit capitalisation rates are decreased by 0.5%	**232 117**	254 693
Decrease in fair value if exit capitalisation rates are increased by 0.5%	**(208 331)**	(228 422)
Increase in fair value if discount rates are decreased by 0.5%	**159 076**	168 570
Decrease in fair value if discount rates are increased by 0.5%	**(147 535)**	(156 658)

29. Fair value disclosures (continued)

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 2022 R'000
List of properties – 2022 external valuations					
Sable Square Shopping Centre, Milnerton		2022/02/28	13.75	8.75	**438 600**
MWEB Head Office, Parow		2022/02/28	14.25	9.25	**156 000**
Blackheath Park, Blackheath		2022/02/28	15.00	10.00	**152 300**
UES (Holdco) Commercial, retail and residential, Woodstock		2022/02/28	14.00	9.00	**119 200**
Blackheath Warehouse, Blackheath		2022/02/28	14.00	9.00	**107 850**
Nampak Liquids, Epping		2022/02/28	13.50	8.50	**106 300**
5 Fitzmaurice, Epping		2022/02/28	14.25	9.25	**82 650**
Bloemhof Building, Tyger Valley		2022/02/28	14.25	9.25	**49 035**
142 Edward Street, Tyger Valley		2022/02/28	14.00	9.00	**42 200**
26 Marine Drive, Paarden Eiland		2022/02/28	13.75	8.75	**33 100**
12 Pickwick Street, Woodstock		2022/02/28	14.50	9.50	**27 835**
30 Marine Drive, Paarden Eiland		2022/02/28	14.25	9.25	**22 400**
Omnipark, Tyger Valley		2022/02/28	14.75	9.75	**20 000**
List of properties – 2022 management valuations					
Mega Park, Bellville		2021/02/28	13.00	9.50	**479 000**
2 Long Street, Cape Town		2021/02/28	13.75	10.25	**439 000**
Liberty Life Building, Century City		2021/02/28	12.50	9.00	**436 000**
Northgate Park, Brooklyn		2020/02/29	13.00	9.50	**332 000**
15 on Orange, Cape Town	Note 1	2020/02/29	N/A	N/A	**279 000**
1 Waterhouse Place, Century City		2021/02/28	13.00	9.50	**242 000**
Radnor Road, Bellville		2020/02/29	13.00	9.50	**122 000**
No. 2 Estuaries, Century City		2020/02/29	12.50	9.00	**109 000**
1 Beacon Way, Bellville		2021/02/28	11.75	8.25	**103 000**
Manhattan Plaza, Tyger Valley		2020/02/29	13.00	9.50	**99 000**
Viking Business Park, Epping		2021/02/28	13.25	9.75	**95 000**
78 on Edward, Tyger Valley		2021/02/28	13.00	9.50	**88 000**
Talana Close, Bellville	Note 2	2019/02/28	N/A	N/A	**71 400**
Sterling Place, Tyger Valley		2021/02/28	13.50	10.00	**63 000**
28 Marine Drive, Paarden Eiland		2021/02/28	13.00	9.50	**42 000**
1 Paarden Eiland Road, Paarden Eiland		2021/02/28	12.50	9.00	**32 000**
Island Business Park, Paarden Eiland		2021/02/28	14.00	10.50	**21 000**
34 Marine Drive, Paarden Eiland		2021/02/28	13.00	9.50	**18 000**
List of properties – 2022 no valuation completed					
Marine Place – Development	Note 3	N/A			**3 660**
Sable Residences, Milnerton Development	Note 3	N/A			**4 030**
George Aerotropolis – Land	Note 4	N/A			**42 105**
			13.50	9.30	**4 477 665**

Note 1: 15 on Orange is valued at the call option price of R265 million excluding the residential penthouse of R14 million, which is deemed to be fair market value.

Note 2: Property is held at the disposal value as agreed between parties and is in transfer process as at year-end.

Note 3: 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 4: This is strategic land that was acquired in George directly opposite the airport for future industrial development.

30. Share-based payment reserve

	Note	Group 2022 R'000	Group 2021 R'000
Conditional Share Plan ("CSP")	30.1	**20 414**	26 012
		20 414	26 012
Reconciliation of share-based payment reserve			
Opening balance		**26 012**	14 121
Expense recognised in profit and loss			
– Conditional Share Plan		**9 440**	11 891
Shares vested during the period		**(15 038)**	–
		20 414	26 012

30.1 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 CSP 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	Award 5
Number of shares		800 000	800 000	800 000	504 000	336 000
Grant date		2018/01/03	2018/01/07	2019/01/07	2020/01/07	2021/01/07
Vesting date		2021/06/30	2022/06/30	2023/06/30	2024/06/30	2025/06/30
Issue price at award date (30-day WVAP)	(Rands)	9.63	10.05	10.14	6.26	6.34
Option price at award date	(Rands)	8.04	7.28	7.04	4.49	4.41
Volatility	(%)	28	24	40	67	33
Forfeiture rate	(%)	10	10	10	10	10
Dividend yield	(%)	6.1	5.8	5.8	9.4	10.8
Performance factor	(%)	100	100	90	90	90
Status		Vested and settled	Unvested	Unvested	Unvested	Unvested

Expected volatility has been based on an evaluation of the historical volatility of the share price of the company's peers since listing as the company itself has less than a five-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 year Award 1 fully vested and was settled in full on a net basis. During the current and prior period no award was forfeited or expired.

31. 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.

32. Property analysis

Property name	Sector	Gross lettable area m²	Vacant area m²	Average gross rental per m² in period	Value 28 February 2022 R'000
Mega Park, Bellville	Industrial	86 195	4 599	53	**479 000**
2 Long Street, Cape Town	Commercial	25 224	3 439	152	**439 000**
Sable Square Shopping Centre, Milnerton	Retail	31 111	1 165	118	**438 600**
Liberty Life Building, Century City	Commercial	18 244	1 630	184	**436 000**
Northgate Park, Brooklyn	Commercial	16 981	1 181	148	**332 000**
15 on Orange, Cape Town	Hospitality	16 663	484	97	**279 000**
1 Waterhouse Place, Century City	Commercial	11 963	3 617	175	**242 000**
MWEB Head Office, Parow	Commercial	11 195	–	119	**156 000**
Blackheath Park, Blackheath	Industrial	37 334	3 479	40	**152 300**
Radnor Road, Bellville	Industrial	12 879	–	79	**122 000**
UES Commercial, retail and residential, Woodstock	Commercial	8 988	4 675	140	**119 200**
No. 2 Estuaries, Century City	Commercial	4 199	–	152	**109 000**
Blackheath Warehouse, Blackheath	Industrial	22 201	–	39	**107 850**
Nampak Liquids, Epping	Industrial	18 450	–	41	**106 300**
1 Beacon Way, Bellville	Industrial	30 238	–	22	**103 000**
Manhattan Plaza, Tyger Valley	Commercial	4 931	–	156	**99 000**
Viking Business Park, Epping	Retail	9 320	1 097	119	**95 000**
78 on Edward, Tyger Valley	Commercial	3 880	382	195	**88 000**
5 Fitzmaurice, Epping	Industrial	22 829	–	34	**82 650**
Talana Close, Bellville	Industrial	23 750	–	25	**71 400**
Sterling Place, Tyger Valley	Commercial	4 630	5	118	**63 000**
Bloemhof Building, Tyger Valley	Commercial	4 307	1 650	120	**49 035**
142 Edward Street, Tyger Valley	Commercial	2 668	–	111	**42 200**
28 Marine Drive, Paarden Eiland	Retail	7 321	18	50	**42 000**
26 Marine Drive, Paarden Eiland	Retail	4 030	–	79	**33 100**
1 Paarden Eiland Road, Paarden Eiland	Retail	5 538	–	47	**32 000**
12 Pickwick Road, Woodstock	Industrial	2 516	–	102	**27 835**
30 Marine Drive, Paarden Eiland	Retail	2 764	–	70	**22 400**
Island Business Park, Paarden Eiland	Commercial	2 405	–	94	**21 000**
Omnipark, Tyger Valley	Commercial	2 203	664	126	**20 000**
34 Marine Drive, Paarden Eiland	Industrial	2 994	495	57	**18 000**
		457 950	28 580		4 427 870
Properties under development					
Future development projects					
Marine Place – Development	Development	–	–	–	**3 660**
Sable Residences, Milnerton Development	Development	–	–	–	**4 030**
		–	–	–	7 691
Land held for development					
George Aerotropolis – Land	Development	–	–	–	**42 105**
					42 105
Grand Total		457 950	28 580	98	4 477 665

Tenant profile	Gross lettable area m²	Gross lettable area %	Number of tenants	Number of tenants %
A – Large nationals, large listed and government tenants	210 727	46	127	31
B – Smaller international and national tenants	201 860	44	159	39
C – Other local tenants and sole proprietors	16 782	3	119	29
Vacant	28 580	6	–	–
Total	457 950	100	405	100

Geographical split	Revenue R'000	Revenue %	Gross lettable area m²	Gross lettable area %
Western Cape	554 582	100.00	457 950	100.00
	554 582	100.00	457 950	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	1 270 335	28.37	182 576	32.92	259 385	56.64	8 574	1.87
Commercial	14	2 215 435	49.48	257 853	46.50	132 951	29.03	17 243	3.77
Retail	6	663 100	14.81	85 634	15.44	48 951	10.69	2 280	0.50
Hospitality	1	279 000	6.23	28 519	5.14	16 663	3.64	484	0.11
Development	0	49 795	1.11	–	0.00	–	0.00	–	0.00
	31	4 477 665	100.00	554 582	100.00	457 950	100	28 580	6.24

**Total GLA excludes GLA under development*

Lease expiry profile

Lease expiry profile based on GLA	Industrial %	Commercial %	Retail %	Hospitality %	Total %
Vacant	3	14	4	0	6
Monthly	1	1	5	0	1
Expiries for 03/2022 – 02/2023	14	19	11	3	15
Expiries for 03/2023 – 02/2024	31	20	20	0	25
Expiries for 03/2024 – 02/2025	11	16	11	0	12
Expiries for 03/2025 – 02/2026	4	23	6	0	10
Expiries for 03/2026 and onwards	36	7	43	97	31
	100	100	100	100	100

Lease expiry profile based on revenue	Industrial %	Commercial %	Retail %	Hospitality %	Total %
Monthly	1	1	3	0	1
Expiries for 03/2022 – 02/2023	19	21	16	2	19
Expiries for 03/2023 – 02/2024	35	21	21	0	24
Expiries for 03/2024 – 02/2025	8	19	11	0	14
Expiries for 03/2025 – 02/2026	8	30	4	0	18
Expiries for 03/2026 and onwards	29	8	45	98	24
	100	100	100	100	100

Weighted average rental escalations and yields	Escalation %	Yields FY2022 %
Industrial	6.53	**9.25**
Commercial	6.23	**7.40**
Retail	6.21	**8.05**
Hospitality	7.00	**4.69**
Average	6.31	**7.86**