
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* to this cover page.

ACTION REQUIRED BY SHAREHOLDERS

1. This entire Circular is important and should be read with particular attention to the section entitled “*Action required by Shareholders*”, which commences on page 3.
2. If you are in any doubt as to what action to take in relation to this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
3. If you have disposed of all your Shares in Spear, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker or other agent through whom such disposal was effected.

Spear does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any Shareholder to notify such Shareholder of the General Meeting, notice of which is contained in and forms part of this Circular.



SPEAR REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2015/407237/06)

(Approved as a REIT by the JSE)

(Share Code: SEA, ISIN ZAE000228995)

(LEI: 378900F76170CCB33C50)

(“Spear” or “the Company”)

CIRCULAR TO SHAREHOLDERS

Relating to the approval of the proposed Acquisition by Spear of the Target Property Portfolio from Emira and several of its wholly owned Subsidiaries, for the Purchase Consideration, which Acquisition constitutes a category 1 transaction in terms of the JSE Listings Requirements,

and enclosing:

- a Notice of General Meeting; and
- a Form of Proxy (for use by Certificated Shareholders and Dematerialised Shareholders who have selected Own-Name Registration only).

**Transaction Advisor and
Sponsor**



Legal Advisor



**Independent Reporting
Accountant**



Independent Property Valuer



Date of issue: Tuesday, 2 July 2024

Copies of this Circular are available in English only and may, from the date of posting of this Circular until the date of the General Meeting (both days inclusive), be obtained from the registered office of Spear or from the Sponsor, at the addresses set out in the “*Corporate Information*” section of this Circular. A copy of this Circular will also be available on Spear’s website at www.spearprop.co.za.

CORPORATE INFORMATION AND ADVISORS

Directors

Abubaker Varachhia* (Non-executive Chairman)
Michael Naftali Flax* (Non-executive Deputy Chairman)
Quintin Michael Rossi (Chief Executive Officer)
Christiaan Barnard (Chief Financial Officer)
Brian Leon Goldberg*#
Jalaloodien Ebrahim Allie*# (Lead Independent Director)
Bongani Raziya*#
Cormack Sean McCarthy*
Dr. Rozett Lucille Phillips*#

* *Non-executive*

Independent

Date of incorporation

18 November 2015

Place of incorporation

South Africa

Registered office

16th Floor
2 Long Street
Cape Town, 8001
(PO Box 50, Observatory, 7935)

Company Secretary

René Cheryl Stober
16th Floor
2 Long Street
Cape Town, 8001
(PO Box 50, Observatory, 7935)

Transfer Secretaries

Computershare Investor Services (Pty) Ltd
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(Private bag X9000, Saxonwold, 2132)

Transaction Advisor and Sponsor

PSG Capital Proprietary Limited
(Registration Number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch 7599)

and at

Suite 1105, 11th Floor
Sandton Eye Building
126 West Street
Sandton, 2196

Legal Advisor

Cliffe Dekker Hofmeyr Incorporated
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Independent Reporting Accountant and Auditors

BDO South Africa Incorporated
(Registration Number 1995/002310/21)
6th Floor
119 – 123 Hertzog Boulevard
Foreshore
Cape Town, 8001
(PO Box 2275, Cape Town, 8000)

Independent Property Valuer

Mills Fitchet Magnus Penny
Second Floor
Vineyard Centre
12 Dreyer Street
Claremont, 7780
(PO Box 4442, Cape Town, 8000)

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IMPORTANT LEGAL NOTICES

The definitions and interpretations commencing on page 6 apply *mutatis mutandis* to this “important legal notices” section.

NOT AN INVITATION TO THE PUBLIC

This Circular is not an invitation to the public to subscribe for Shares or any other securities but is issued in compliance with the JSE Listings Requirements for the purpose of giving information to the public regarding Spear and to convene a General Meeting of Shareholders to consider and, if deemed fit, approve the necessary resolutions required to implement the Acquisition.

APPLICABLE LAWS AND FOREIGN SHAREHOLDERS

This Circular has been prepared for the purposes of complying with the Companies Act and the JSE Listings Requirements, and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

Save as specifically set out herein, no actions have been taken, including, without limitation, obtaining any approvals, authorisations or exemptions, that would permit the transmission, publication or otherwise distribution of this Circular in any jurisdiction outside South Africa.

FORWARD-LOOKING STATEMENT DISCLAIMER

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

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

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

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

Save as specifically set out herein, no forward-looking statements have been reviewed or reported on by the Independent Reporting Accountants.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis*, unless the context clearly indicates otherwise, to this “*Action Required by Shareholders*” section and throughout this Circular.

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all of your Shares in Spear, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.

Shareholders are invited to attend the General Meeting, convened in terms of the Notice of General Meeting to be held at Spear REIT Limited Head Office, 16th Floor, 2 Long Street, Cape Town, on **Wednesday, 31 July 2024 at 10:30**, or at any other adjourned or postponed time determined in accordance with the provisions of the Companies Act and the JSE Listings Requirements, at which General Meeting, Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the ordinary resolution set out in the Notice of General Meeting.

RECORD DATES, VOTING AND PROXIES

1. The date on which Shareholders must be recorded in the Register for purposes of being entitled to receive this Notice of General Meeting is **Friday, 21 June 2024**.
2. The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting, is **Friday, 26 July 2024** with the last day to trade in order to be entitled to attend and vote at the General Meeting being **Tuesday, 23 July 2024**.
3. In terms of section 63(1) of the Companies Act, General Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly bring a copy of their identity document, passport or driver's licence to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, General Meeting participants should contact the Transfer Secretaries for guidance.
4. Certificated Shareholders and Own-name Dematerialised Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a Shareholder of the Company. A Form of Proxy, which sets out the relevant instructions for its completion, is enclosed for use by such Shareholders who wish to be represented at the General Meeting. Completion of a Form of Proxy will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the Transfer Secretaries of the Company at the address provided on the inside back cover of the Circular to which this Notice of General Meeting is attached by not later than 10:30 on Monday, 29 July 2024, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be handed to the chairman of the General Meeting at any time before the appointed proxy exercises any Shareholder rights at the General Meeting, subject to the Form of Proxy and the proxy's proof of identification being verified before any Shareholder rights are exercised by such proxy.
6. Dematerialised Shareholders, other than Own-name Registered Dematerialised Shareholders, who wish to attend the General Meeting in person, will need to request their CSDP or Broker to provide them with the necessary authority in terms of the Custody Agreement entered into between such Shareholders and the CSDP or Broker.
7. Dematerialised Shareholders, other than Own-name Registered Dematerialised Shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the Custody Agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

ELECTRONIC PARTICIPATION IN THE GENERAL MEETING

1. Shareholders or their proxies may participate in the General Meeting electronically (“**electronic facility**”).
2. Please note that the electronic facility will only allow Shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the electronic facility. Should such Shareholders wish to vote, they must either:
 - 2.1. complete the Form of Proxy and return it to the Transfer Secretaries in accordance with paragraphs 4 and 5 above; or
 - 2.2. contact their CSDP or Broker in accordance with paragraphs 6 and 7 above.
3. Shareholders or their proxies who wish to participate in the General Meeting via the electronic facility must notify the Company by emailing the Company Secretary, René Cheryl Stober, by no later than 10:30 on Monday, 29 July 2024. The Company Secretary will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act and thereafter, if validated, provide further details on using the electronic facility.
4. The Company cannot guarantee there will not be a break in communication which is beyond the control of the Company.
5. The participant acknowledges that the electronic facility is provided by a third party and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic facility, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic facility or any defect in it or from total or partial failure of the electronic facility and connections linking it to the General Meeting.

Transfer Secretaries

Computershare Investor Services (Pty) Ltd

Registration number: 2004/003647/07

Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

Private Bag X9000, Saxonwold, 2132

Email: proxy@computershare.co.za

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* to these salient dates and times.

2024

Record date on which Shareholders must be recorded in the Register to be entitled to receive the Circular and the Notice of General Meeting	Friday, 21 June
Circular incorporating the Notice of General Meeting and Form of Proxy, distributed to Shareholders	Tuesday, 2 July
Announcement of distribution of Circular and Notice of General Meeting released on SENS	Tuesday, 2 July
Last day to trade Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below)	Tuesday, 23 July
Voting record date on which Shareholders must be recorded in the Share Register to be entitled to attend and participate in the General Meeting and to vote thereat	Friday, 26 July
For administrative reasons, last day for Forms of Proxy in respect of the General Meeting to be received by the Transfer Secretaries, by no later than 10:30	Monday, 29 July
Forms of Proxy not lodged with the Transfer Secretaries to be handed to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholders at the General Meeting	Wednesday, 31 July
General Meeting of Shareholders to be held at 10:30	Wednesday, 31 July
Results of General Meeting released on SENS	Wednesday, 31 July

Notes:

1. The above dates and times are subject to amendment at the discretion of Spear, with the approval of the JSE. Any such amendment will be released on SENS and published in the South African press.
2. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades take place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 23 July 2024 will not be eligible to attend, participate in and vote at the General Meeting.
3. Dematerialised Shareholders, other than those with Own-name Registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements between them and their CSDP or Broker.
4. If the General Meeting is adjourned or postponed, the above dates and times will change, but Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement of the General Meeting.
5. Although the salient dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act and the JSE Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
6. All dates and times indicated above are South African Standard Time.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite to them in the second column.

“Acquisition”	the acquisition by Spear of the Target Property Portfolio from the Sellers, for the Purchase Consideration in respect of the Acquisition;
“Acquisition Agreements”	the two inter-conditional sale of rental enterprise agreements concluded between Spear and the respective Sellers on or about 28 March 2024, as amended, in respect of the Acquisition, being: <ul style="list-style-type: none">(i) the sale of rental enterprises agreement concluded between Spear and the Sellers, for the acquisition of 12 Rental Enterprises conducted by the Sellers on freehold properties owned by the Sellers; and(ii) the sale of rental enterprise agreement concluded between Spear and Emira, for the acquisition of a Rental Enterprise conducted by Emira on a leasehold property leased by Emira under a notarial agreement of lease from the Passenger Rail Agency of South Africa;
“Announcement”	the announcement published by Spear on SENS on Tuesday, 2 April 2024, in respect of the Acquisition;
“Board” or “Directors”	the board of directors of Spear from time to time, comprising, as at the Last Practicable Date, of those persons whose names appear in the <i>“Corporate Information and Advisors”</i> section of this Circular;
“Broker”	any person registered as a <i>“broking member (equities)”</i> in accordance with the provisions of the Financial Markets Act;
“Business Day”	a day which is not a Saturday, Sunday or official public holiday in South Africa;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Shares which have not yet been Dematerialised, title to which is represented by a share certificate or other Document of Title;
“Circular”	this circular to Shareholders, dated Tuesday, 2 July 2024, including all annexures and enclosures hereto and incorporating the Notice of General Meeting and Form of Proxy;
“Companies Act”	Companies Act, No. 71 of 2008, as amended;
“Company Secretary”	the company secretary of Spear as appointed in terms of the Companies Act, from time to time, further particulars of which appear in the <i>“Corporate Information and Advisors”</i> sector of this Circular;
“Competition Act”	Competition Act, No. 89 of 1998, as amended;
“Competition Authorities”	the commission established pursuant to Chapter 4, Part A of the Competition Act or the tribunal established pursuant to Chapter 4, Part B of the Competition Act or the appeal court established pursuant to Chapter 4, Part C of the Competition Act, or the Constitutional Court, as the case may be;
“Conditions Precedent”	the conditions precedent to the Acquisition as set out in paragraph 3.2 of this Circular;
“Custody Agreement”	a custody mandate agreement between a Dematerialised Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on Spear’s uncertificated securities register administered by a CSDP or Broker on behalf of such Shareholder;
“Dematerialise” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in Spear’s uncertificated securities register administered by a CSDP;
“Dematerialised Shareholders”	those Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	Shares which have been Dematerialised and incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Shares in question, acceptable to the Board;
“Emira”	Emira Property Fund Limited (registration number 2014/130842/06), a limited liability public company duly incorporated in South Africa, the shares of which are listed on the Main Board of the JSE;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended;
“Form of Proxy”	for purposes of the General Meeting, the form of proxy for use only by Certificated Shareholders and Own-name Registered Dematerialised Shareholders, enclosed herewith;
“Freestone”	Freestone Property Investments Proprietary Limited (registration number 2005/025542/07), a limited liability private company duly incorporated in South Africa, being a wholly owned Subsidiary of Emira;

“General Meeting”	the general meeting of Shareholders to be held at 10:30 on Wednesday, 31 July 2024, convened in terms of the Notice of General Meeting enclosed and forming part of this Circular, together with any reconvened general meeting held as a result of the adjournment or postponement of that general meeting;
“Group”	in relation to any person, that person and its Subsidiaries from time to time;
“IFRS Accounting Standards”	the IFRS® Accounting Standards as issued by the International Accounting Standards Board or its successor body as adopted or applied in South Africa;
“Independent Reporting Accountants” or “BDO”	BDO South Africa Incorporated, the independent auditors and reporting accountants of the Spear Group, further particulars of which appear in the “ <i>Corporate Information and Advisors</i> ” section of this Circular;
“JSE”	JSE Limited (registration number 2005/022939/06), a limited liability public company duly incorporated in South Africa, which is licensed as an exchange in terms of the Financial Markets Act;
“JSE Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“Last Practicable Date”	the last practicable date before finalisation of this Circular, which date was Wednesday, 26 June 2024;
“Lowmer”	Lowmer Investments Proprietary Limited (registration number 2001/024021/07), a limited liability private company duly incorporated in South Africa, being a wholly owned Subsidiary of Emira;
“MOI”	the memorandum of incorporation of Spear;
“Monagon”	Monagon Properties Proprietary Limited (registration number 2008/019290/07), a limited liability private company duly incorporated in South Africa, being a wholly owned Subsidiary of Emira;
“Notice of General Meeting”	the notice of the General Meeting of Shareholders, forming part of this Circular;
“Own-name Registration” or “Own-name Registered”	Shareholders who hold Shares that have been Dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
“Prime Rate”	the publicly quoted basic rate of interest, compounded monthly in arrears and calculated on a 365 day year irrespective of whether or not the year is a leap year, from time to time published by Nedbank Limited as being its prime overdraft rate, as purportedly certified by any representative of that bank whose appointment and designation it shall not be necessary to prove;
“Properties”	the properties on which the Sellers conduct the Rental Enterprises, details of which are set out in Annexure 1 ;
“PSG Capital” or “Sponsor”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a limited liability private company incorporated in South Africa, further particulars of which appear in the “ <i>Corporate Information and Advisors</i> ” section of this Circular;
“Purchase Consideration”	the aggregate consideration payable by Spear to the Sellers in terms of the Acquisition, as set out in paragraph 3.1 below;
“Rand” or “R”	South African Rand;
“Rapidough”	Rapidough Prop 509 Proprietary Limited (registration number 2007/027856/07), a limited liability private company duly incorporated in South Africa, being a wholly owned Subsidiary of Emira;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
“Rental Enterprises”	the rental enterprises conducted by the Sellers on the respective Properties, as going concerns, and includes: <ul style="list-style-type: none"> (i) the Properties owned by the applicable Sellers and all land and buildings erected on the Properties and the applicable Seller’s rights and obligations under the notarial agreement of lease in terms of which the applicable Seller leases the Property (as the case may be); (ii) all movable and fixed assets and all fixtures and fittings and assets installed on the Properties used in connection with the operation or functioning of the enterprises conducted by the applicable Seller; (iii) each Seller’s rights and obligations in terms of the applicable leases with tenants in respect of the buildings on the Properties; (iv) each Seller’s rights and obligations in terms of the applicable contracts with third parties providing services in respect of the rental enterprises; (v) all trademarks and other intellectual property of each Seller used in respect of such rental enterprises, if any,

but excludes liabilities incurred by any Seller prior to the Transfer Date in connection with any Property and/or in connection with the rental enterprise conducted thereon;

“Sellers”	Emira, Freestone, Lowmer, Monagon and Rapidough;
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholders” or “Spear Shareholders”	registered holders of Shares;
“Shares” or “Spear Shares”	ordinary no par value shares in the share capital of Spear, which shares are listed on the JSE;
“Signature Date”	the signature date of the Acquisition Agreements being, Thursday, 28 March 2024;
“South Africa”	the Republic of South Africa;
“Spear” or “the Company”	Spear REIT Limited (registration number 2015/407237/06), a limited liability public company duly incorporated in South Africa, the shares of which are listed on the Main Board of the JSE;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company duly incorporated in South Africa, being a licensed central securities depository in terms of section 1 of the Financial Markets Act and the entity that manages the electronic custody, clearing and settlement environment for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
“Subsidiary”	a “subsidiary” as defined in the Companies Act, but also includes an entity incorporated outside South Africa which would, if incorporated in South Africa, be a “subsidiary” as defined in the Companies Act;
“Target Property Portfolio”	the Western Cape property portfolio of the Emira Group, comprising of the Rental Enterprises conducted by the Sellers on the Properties, details of which are set out in Annexure 1 ;
“Transfer Date”	in respect of each Property the date of registration of transfer of ownership of such Property into Spear’s name, and in the case of the leasehold Property, the date on which the deed of assignment of the notarial lease in respect thereof is registered into Spear’s name; and
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a limited liability private company duly incorporated in South Africa, further particulars of which appear in the “ <i>Corporate Information and Advisors</i> ” section of this Circular.



SPEAR

REIT LIMITED

SPEAR REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2015/407237/06)

(Approved as a REIT by the JSE)

(Share Code: SEA, ISIN ZAE000228995)

(LEI: 378900F76170CCB33C50)

("Spear" or "the Company")

Directors

Abubaker Varachhia* (Non-executive Chairman)

Michael Naftali Flax* (Non-executive Deputy Chairman)

Quintin Michael Rossi (Chief Executive Officer)

Christiaan Barnard (Chief Financial Officer)

Brian Leon Goldberg**

Jalaloodien Ebrahim Allie** (Lead Independent Director)

Bongani Raziya**

Cormack Sean McCarthy*

Dr. Rozett Lucille Phillips**

* *Non-executive*

Independent

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

- 1.1 Shareholders are advised that on the Signature Date, Spear entered into two inter-conditional sale of rental enterprise agreements with the Sellers in terms of which Spear will purchase the Target Property Portfolio, comprising of the Rental Enterprises conducted by the Sellers on the Properties, as going concerns, in one indivisible transaction.
- 1.2 The purpose of this Circular is to:
 - 1.2.1 provide Shareholders with the requisite information in accordance with the JSE Listings Requirements regarding the Acquisition to enable Shareholders to make an informed decision on how they will vote on the resolution set out in the Notice of the General Meeting enclosed with this Circular; and
 - 1.2.2 convene the General Meeting of Shareholders in order to pass such resolution as is necessary to authorise and implement the Acquisition.

2. RATIONALE FOR THE ACQUISITION

- 2.1. The Acquisition of the Target Property Portfolio provides Spear with a strategic opportunity to meaningfully increase its market share within the Western Cape, with a complementary high quality diversified property portfolio comprising industrial, retail, mixed-use and commercial assets. In addition, it offers an investment entry point into assets comprising medical and life sciences related facilities.
- 2.2. The Acquisition not only facilitates revenue and long-term growth prospects for Spear, but also creates operating efficiencies, enabling Spear (being a fully internally managed REIT) to increase operating profit margins and drive sustained profitability, by leveraging combined expertise and resources to reduce costs through economies of scale.
- 2.3. The Acquisition of the Target Property Portfolio enables Spear to materially scale its current property portfolio, in a real estate market that would otherwise be challenging to scale through piece-meal acquisitions or organic growth, given the current market conditions and the strong real estate fundamentals in the Western Cape. The Acquisition will increase Spear's assets under ownership from 29 to 40 high quality real estate assets (after the disposal of the Liberty Life and 142 Edward Street buildings post Spear's last reporting period as explained in paragraph 4.1.2 below, which were classified as held for sale as at 29 February 2024) and will enhance Spear's portfolio diversification and geographical spread of assets within the Western Cape, while maintaining its bias towards the Cape Town Metropole.
- 2.4. The Target Property Portfolio is being acquired at the agreed Purchase Consideration of R1 146 000 000, which is at a discount to its market value of R1 235 800 000, as determined by the Independent Property Valuer and set out in the summary valuation report presented in **Annexure 2** to this Circular, and is therefore accretive to Spear Shareholders, from a distributable profit perspective, from the Transfer Date.

- 2.5. The Sellers have agreed to pay the once-off transaction fees, as set out in the Acquisition Agreements, to Spear in respect of, and against the transfer of, each of the respective Properties, with the aggregate of such once-off transaction fees being equal to R22 500 000 (“**Once-off Amount**”). In terms of IAS 40, this Once-off Amount reduces the Purchase Consideration to R1 123 500 000 (being the agreed Purchase Consideration of R1 146 000 000 less the Once-off Amount of R22 500 000), as explained in paragraph 3.1 below.
- 2.6. Based on the reduced net agreed Purchase Consideration of R1 123 500 000, the Board anticipates that, calculated as at 1 April 2024, the Target Property Portfolio will generate an average initial annualised net operating income yield of 9,65%, as reflected in Annexure 1 to this Circular. However, when considering the recent developments after the Signature Date, including the new lease agreements concluded in respect of the Properties, as at the Last Practicable Date, the Board anticipates that the annualised net operating income yield generated by the Target Property Portfolio, for the initial 12 month period following the anticipated Transfer Date, will be 9,85%.
- 2.7. Furthermore, the Board anticipates that the projected annualised net operating income yield generated by the Target Property Portfolio for the two 12 month financial periods following the initial 12 month period after the anticipated Transfer Date (as referred to above), will increase to a 10,1% when considering the anticipated cost saving impacts of the planned asset management interventions, internalisation of the property management functions and optimisation of the existing service level agreements in respect of the Target Property Portfolio after the Transfer Date, and the financial effects of the implementation of Spear’s photovoltaic (“PV”) solar strategy across the Target Property Portfolio. Following which, the net operating income yield of the Target Property Portfolio is anticipated to track the same growth trajectory as the core Spear portfolio.
- 2.8. The Acquisition of the Target Property Portfolio is aligned with Spear’s investment strategy from an income, asset value growth, asset type and geographical perspective. Furthermore, Spear will implement its PV solar strategy across the Target Property Portfolio, in line with Spear’s “People, Planet, Profit” approach to sustainability. Spear will invest circa R20 million across the Target Property Portfolio to reduce the overall reliance on fossil fuel generated electricity supply through its renewable energy program. To date, in excess of 60% of the current Spear portfolio has PV solar installed, with the commissioned capacity generating just under 8 megawatts of PV solar electrical supply, supplying up to 25% of Spear’s total energy demands. Management is confident that the planned PV solar installations at the Target Property Portfolio, once implemented, will increase the total installed and commissioned PV solar capacity to in excess of 10 megawatts across the enlarged Spear portfolio.
- 2.9. Spear’s growth strategy is to remain exclusively invested in the Western Cape with aspirations to becoming a meaningful mid-cap sized REIT, with assets under ownership of circa R15 billion and a market capitalisation of R8 billion over the next 7 to 10 years. Spear’s growth strategy will not be rushed and must at all times comply with its strict investment criteria.
- 2.10. Post the implementation of the Acquisition and the recent disposals of the Liberty Life and 142 Edward Street buildings by Spear post its last reporting period as explained in paragraph 4.1.2 below (which were classified as held for sale as at 29 February 2024), Spear’s assets under ownership will increase to circa R5,4 billion and the gross lettable area of its portfolio will increase to circa 502 000 m² within the Western Cape. The property type, size and quality of the Target Property Portfolio displays strong similarities to the current Spear portfolio and given Spear’s exclusive Western Cape focus, managements’ ability to replicate Spear’s active asset management approach in respect of the Target Property Portfolio is clear and executable.
- 2.11. The proposed Acquisition aligns firmly with Spear’s three-pronged capital allocation strategy and its asset acquisition strategy.

3. TERMS OF THE ACQUISITION

3.1. Purchase Consideration

- 3.1.1. The aggregate purchase consideration payable for the Target Property Portfolio (which includes the Properties and the Rental Enterprises), as agreed in the Acquisition Agreements, is R1 146 000 000 (“**Purchase Consideration**”), subject to the adjustment set out in paragraphs 3.1.2 and 3.1.4 below. In terms of IAS 40, the net Purchase Consideration, for accounting purposes, has been calculated as R1 123 500 000 (being the agreed Purchase Consideration of R1 146 000 000 less the Once-off Amount of R22 500 000 payable by the Sellers to Spear, as set out in paragraph 2.5 above). The Purchase Consideration is inclusive of value added tax (“**VAT**”) at a rate of 0%. The Purchase Consideration will be funded by cash of approximately R219 million and debt of approximately R904.2 million (as explained in paragraph 11.3 below).
- 3.1.2. The Purchase Consideration in respect of certain Rental Enterprises will be adjusted (“**Purchase Consideration Adjustment**”) as agreed by the parties prior to the Signature Date. The Purchase Consideration Adjustment takes into account certain capital expenditure that Spear anticipated would be required in respect of the applicable buildings and Properties in the future. In the event that any Seller elects to incur any capital expenditure in respect of the applicable buildings and/or Properties before the effective date of the Acquisition, and provided that Spear consents thereto in writing, the Purchase Consideration will be increased by an amount equal to the capital expenditure so incurred, subject to a total maximum amount of R15 000 000.
- 3.1.3. As security for the payment of the Purchase Consideration in respect of each Property, Spear shall, within 7 days after the date on which the Conditions Precedent (as defined below) are fulfilled, furnish the Sellers’ conveyancers with bank guarantees, payable to the respective Sellers upon the Transfer Date.

3.1.4. In the event that the Transfer Date of any Property occurs after 1 October 2024, otherwise than as a result of any delays caused by the Sellers (or any of them) or by any other cause not within the reasonable control of the parties, the portion of the Purchase Consideration attributable to that Property shall be increased by a factor of 0.5% per month (not compounded and reduced pro rata for any period of less than 1 month). For the purposes of this Circular, the Purchase Consideration adjustment is estimated to be R11 460 000 which was determined as the price escalation for the 2 month period between 1 October 2024 and the expected Transfer Date of 1 December 2024.

3.2. Conditions Precedent

3.2.1. The Acquisition remains subject to the fulfilment of certain outstanding conditions precedent (“**Conditions Precedent**”), namely that:

3.2.1.1. Spear has obtained the necessary approvals from its shareholders as required in terms of the JSE Listings Requirements;

3.2.1.2. the Acquisition is approved by the applicable competition authorities in terms of the Competition Act, No. 89 of 1998 either unconditionally or, in the event of a conditional approval, on terms acceptable to the parties; and

3.2.1.3. the owner of the Freeway Business Park consents in writing to the assignment of the notarial lease in respect thereof to Spear.

3.2.2. The Conditions Precedent must be fulfilled by not later than 120 days following the Signature Date, which date may be extended by the parties in writing, provided that the longstop date for the fulfilment of the Conditions Precedent is 31 March 2025.

3.3. Anticipated Effective Date of the Acquisition

The effective date of the Acquisition will be the Transfer Date, which date shall be as soon as practically possible after the date on which the Conditions Precedent are fulfilled, and which date is anticipated as being on or about 1 December 2024.

3.4. Warranties and Other Significant Terms of the Acquisition Agreements

3.4.1. The Acquisition Agreements contain representations and warranties by the Sellers in favour of Spear which are standard for a transaction of this nature. The Acquisition Agreements do not preclude the Sellers from carrying on business in competition with Spear; nor do they impose any restraints of trade on the Sellers.

3.4.2. As detailed in paragraph 2.5 above, the Sellers have agreed to pay the aggregate Once-off Amount of R22 500 000 to Spear, as part of the overall transaction structure, on the Transfer Date of the respective Properties. In terms of the IAS 40 accounting treatment, this Once-off Amount reduces the Purchase Consideration from R1 146 000 000 to R1 123 500 000.

3.4.3. Emira has agreed to pay certain guaranteed rentals to Spear, with effect from the Transfer Date of the Property known as 9 Long Street in respect of the first and second floors of such Property, each having a lettable area of 1 468 square metres, to the extent that such premises is vacant or in the event of such premises becoming let, to top up the rentals contracted in respect thereof to the extent that there is any shortfall between the rentals contracted by Spear and the guaranteed rentals, during the period of 24 months commencing on the Transfer Date of such Property. Included in the contracted revenue are rental guarantees of R1 416 660 for the financial year ending 28 February 2025 and R5 798 860 for the financial year ending 28 February 2026.

4. THE BUSINESS AND PROSPECTS OF THE SPEAR GROUP AND THE TARGET PROPERTY PORTFOLIO

4.1.1. Spear is a fully internalised REIT listed on the JSE. Spear’s main business is to acquire investment grade real estate assets within a singular region being the Western Cape. Spear obtains its specialisation through its regional investment approach and its diversification through its investment strategy into industrial, retail, commercial and mixed-use real estate assets. Spear’s investment case is further underpinned by its active asset management and hands-on property management approach. Management’s strategy is to grow Spear into a meaningful mid-cap REIT within the Western Cape with assets under management of R15 billion. Real estate fundamentals remain extremely strong within the region creating both income and capital growth upside opportunities for Spear. Spear’s growth prospects within the Western Cape will be accessed through acquisition of high-quality income producing assets with a bias towards industrial and retail assets, brownfield redevelopments, unlocking of embedded portfolio bulk and greenfield developments. The Target Portfolio asset composition is similar in nature to the asset composition of the Spear portfolio with both internal and external asset management opportunities to be unlocked by Spear’s management post implementation of the Acquisition.

4.1.2. Investment property that was classified as held for sale at 29 February 2024 comprised the Liberty Life and 142 Edward buildings with fair values of R400 million and R43 million respectively. As explained in paragraph 12.2 below, contracts have been entered into to dispose of these properties. The transfer of 142 Edward occurred on 26 March 2024 and the transfer of the Liberty Life building occurred on 28 May 2024.

5. THE TARGET PROPERTY PORTFOLIO

5.1. The Target Property Portfolio comprises 13 diversified income producing assets, all of which are located in the Cape Town Metropole.

- 5.2. The details of the Properties forming part of the Target Property Portfolio, which will be acquired by Spear in terms of the Acquisition, are set out in **Annexure 1**.

6. VALUATION REPORTS

- 6.1. The Properties forming part of the Target Property Portfolio were valued by M.R.B Gibbons from Mills Fitchet Magnus Penny, an independent, external registered professional valuer registered without restriction in terms of Section 19 of the Property Valuers Profession.
- 6.2. Detailed valuation reports have been prepared for each of the Properties and are available for inspection in terms of paragraph 27 of the Circular. A summary valuation report for the Properties has been included in **Annexure 2** of this Circular.

7. PRO FORMA STATEMENT OF FINANCIAL POSITION

- 7.1. The *pro forma* consolidated statement of financial position of the Spear Group as at 29 February 2024, showing the *pro forma* effects of the Acquisition ("**pro forma financial information**"), is set out in **Annexure 3** and is the responsibility of the Board.
- 7.2. The *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the Acquisition on a stand-alone basis may have affected the financial position of the Spear Group, assuming the Acquisition took place on 29 February 2024. Because of its nature, the *pro forma* financial information may not fairly represent Spear's financial position and changes in equity after the Acquisition and the post-reporting period disposals.
- 7.3. The *pro forma* financial information, including the assumptions on which it is based, is the responsibility of the Board. The *pro forma* financial information has been prepared in accordance with Spear's accounting policies, which policies are compliant with IFRS Accounting Standards and consistent with those applied in the audited annual financial statements of Spear for the year ended 29 February 2024. The *pro forma* financial information is prepared in accordance with the JSE Listings Requirements, and the Revised Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants.
- 7.4. Detailed notes and assumptions regarding the *pro forma* financial information are set out in **Annexure 3**.
- 7.5. The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's report on the *pro forma* financial information and the Independent Reporting Accountant's review report on the adjustment column in the *pro forma* financial information, which appear in **Annexure 4** and **Annexure 5** to this Circular.

8. FORECAST STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TARGET PROPERTY PORTFOLIO

- 8.1. The forecast statements of profit or loss and other comprehensive income of the Target Property Portfolio ("**forecast financial information**") are set out in **Annexure 6** of this Circular, and have been prepared on the assumption that the effective date of the Acquisition will be 31 December 2024:
- 8.1.1. for the two months ending 28 February 2025 (being the period from the estimated effective date to the end of Spear's financial year ending 28 February 2025); and
- 8.1.2. for the financial year ending 28 February 2026.
- 8.2. The forecast financial information, including the assumptions on which they are based, are the responsibility of the Board.
- 8.3. The forecast financial information has been prepared in accordance with Spear's accounting policies, which are in compliance with IFRS Accounting Standards, and the JSE Listings Requirements.
- 8.4. The forecast financial information must be read in conjunction with the independent reporting accountant's assurance report on the forecast financial information, contained in **Annexure 7** of this Circular.

9. MAJOR SHAREHOLDERS AND INTERESTS

9.1. As far as Spear is aware, as at 30 April 2024, the following persons, other than Directors, are beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Shareholder	Number of Shares held	Percentage of total issued share capital
Spear Holdco (Pty) Ltd	22 314 509	7,90
Old Mutual Group	21 133 191	7,48
Prescient	19 452 673	6,89
Huntress Nominees	16 903 324	5,99
Nedbank Group	16 257 824	5,76
Mega Park Investments (Pty) Ltd	16 224 544	5,75
Mtshobela Capital Holdings (Pty) Ltd	15 260 880	5,40
Total	127 546 945	45,17

9.2. There has been no change in any controlling Shareholder nor trading objectives of Spear in the five years prior to the Last Practicable Date and there will be no change in the shareholding in Spear as a result of the Acquisition.

10. MATERIAL CHANGES

There have been no material changes in the financial or trading position of the Spear Group or the Target Property Portfolio, since the publication of the audited financial statements of Spear for the financial year ended at 29 February 2024, until the Last Practicable Date.

11. MATERIAL BORROWINGS

- 11.1. Spear's borrowings are not limited by its MOI, however, in terms of the JSE Listings Requirements, a REIT's total consolidated liabilities may not exceed 60% of its consolidated gross asset value, as reflected in its latest published financial statements or results. Should the 60% threshold be exceeded, the company may lose its REIT status.
- 11.2. Spear and its Subsidiaries have not entered into any restrictive funding arrangements. Other than as detailed in paragraph 11.3 below, Spear and its Subsidiaries have not made or received any loans which are material to the Spear Group and the Acquisition will not result in any change in the existing borrowings of the Spear Group. No liabilities will be acquired from the Sellers as part of the Acquisition.
- 11.3. As noted in paragraph 3.1.1 above, a portion of the Purchase Consideration will be funded through debt funding obtained by Spear from Nedbank Limited, on terms accepted by Spear as set out below ("**Debt Funding**"):
- 11.3.1. debt funding specific to the Acquisition has been obtained from Nedbank Limited to the value of 50% of the Purchase Consideration. Such funding consists of:
- 11.3.1.1. a R384.5 million 4-year conventional loan, at an interest rate equal to the 3-month Jibar plus a company specific margin in line with Spear's current debt facilities (as detailed in paragraph 11.4 below); and
- 11.3.1.2. a R177.25 million 3-year rolling credit facility, at an interest rate equal to the 3-month Jibar plus a company specific margin in line with Spear's current debt facilities (as detailed in paragraph 11.4 below), which will be secured by mortgage bonds over the Properties forming part of the Target Property Portfolio;
- 11.3.2. debt settled on a short-term basis post the private placement of shares concluded by Spear in February 2024 will be redrawn as part of a new 4-year conventional loan from Nedbank Limited to the value of R157.6 million, with an interest rate equal to the 3-month Jibar plus a company specific margin in line with Spear's current debt facilities (as detailed in paragraph 11.4 below), which will be secured by an existing mortgage bond over a specific property within the Spear property portfolio; and
- 11.3.3. short term-debt to the value R184.9 million, that was settled in the past through asset disposals, will be redrawn under existing short-term debt facilities from Nedbank Limited. The short-term debt facilities, of less than 12 months, will be unsecured and at an interest rate equal to the 3-month Jibar plus a company specific margin in line with Spear's current debt facilities (as detailed in paragraph 11.4 below). where the applicant or any of its subsidiaries has debts that are. The short-term debt facilities referred to in this paragraph, will be repaid and settled by Spear from the proceeds of disposals, as announced on SENS, and from cash reserves.
- 11.4. The blended weighted average of the company specific margins applicable to the Debt Funding listed above, is 1.53%, which is in line with the interest rate margins that apply to Spear's current variable rate loans.
- 11.5. The Debt Funding does not include any conversion or redemption rights.
- 11.6. Following implementation of the Acquisition and based on the *pro forma* financial information of the Spear Group set out in

Annexure 3, the total consolidated liabilities of the Spear Group will increase to R2.16 billion. As disclosed in **Annexure 3**, post the implementation of the Acquisition the loan to value ratio of the Spear Group is estimated to be 40.59%.

12. MATERIAL CONTRACTS

As far as the Board is aware, save for:

- 12.1. the Acquisition Agreements, the salient features of which are set out in paragraph 3 above; and
- 12.2. the sale of rental enterprise agreement entered into by Spear on 13 February 2023, in terms of which Spear disposed of the Liberty Life Building situated at Erf 6281 Montague Gardens and the rental enterprise conducted by Spear in respect thereof, to Capitec Bank Limited for a disposal consideration of R400 000 000, the salient features of which were set out in the category 2 disposal announcement released by Spear on SENS on 13 February 2023,

no material contracts, being restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business, have been entered into either verbally or in writing by the Spear Group or the Sellers in relation to the Target Property Portfolio, within the two years preceding the Last Practicable Date, or concluded at any time, and which contain an obligation or settlement that is material to Spear Group or the Target Property Portfolio at the Last Practicable Date.

13. MATERIAL RISKS

The Board adopted a risk management policy which is implemented by the executive team and staff in the daily operations of the Spear Group. The policy is based on mitigating identified risks to the group to acceptable levels in line with industry practices while taking our strategic objectives into account. As indicated in paragraph 26 below and incorporated by reference, the Risk Management Report included in the Integrated Annual Report contains a table summarising the material risk factors identified and how these have been mitigated by Spear.

14. ACQUISITION OF MATERIAL ASSETS

Other than the proposed Acquisition of the Target Property Portfolio from the Sellers, no material assets have been acquired by the Spear Group during the last three years preceding the date of this Circular. Please refer to the disclosures regarding the terms of the Acquisition in paragraph 3 above and the details of the Target Property Portfolio set out in paragraph 5 and **Annexure 1**.

15. ASSET AND PROPERTY MANAGEMENT

- 15.1. The asset and property management of the Spear Group is undertaken internally.
- 15.2. Prior to the Acquisition, the Target Property Portfolio is externally managed by Broll Property Group or companies associated with it, however, such property management contracts are terminable on not more than 30-days' notice to the applicable service provider, and no early termination fee or other similar penalty is payable upon termination thereof.
- 15.3. Following the implementation of the Acquisition, the asset and property management of the Target Property Portfolio will be undertaken internally by Spear.

16. INFORMATION RELATING TO THE DIRECTORS OF SPEAR

16.1. Directors' Interests in the issued Shares of Spear

16.1.1. The table below sets out the direct and indirect beneficial interests of the Directors (and their associates), including any directors who may have resigned during the past 18 months, in Spear's issued share capital as at the Last Practicable Date:

Director	Direct Beneficial	Indirect Beneficial	Total	Percentage of total issued share capital
Michael Naftali Flax	–	17 163 324	17 163 324	6,08
Cormack Sean McCarthy	–	16 224 544	16 224 544	5,75
Abubaker Varachhia	–	15 260 880	15 260 880	5,40
Quintin Michael Rossi	–	8 208 859	8 208 859	2,91
Bongani Raziya	–	5 000 000	5 000 000	1,77
Brian Leon Goldberg	–	1 342 813	1 342 813	0,48
Christiaan Barnard	–	286 000	286 000	0,10
Jalaloodien Ebrahim Allie	–	106 584	106 584	0,04
Dr. Rozett Lucille Phillips	–	–	–	0,00
Total	–	63 593 004	63 593 004	22,52

16.1.2. The table in paragraph 16.1.1 above includes the changes to the interests of the Directors in Spear Shares which

occurred between 29 February 2024 (being the last financial year end of Spear) and the Last Practicable Date. Details of such changes in the Directors' interests, as announced on SENS, are set out below:

- 16.1.2.1. on 23 May 2024 and 24 May 2024 an associate of Quintin Michael Rossi acquired an aggregate of 7 131 Shares in on-market transactions;
- 16.1.2.2. on 23 May 2024 and 24 May 2024 another associate of Quintin Michael Rossi acquired an aggregate of 10 300 Shares in on-market transactions;
- 16.1.2.3. on 24 May 2024 an associate of Christiaan Barnard acquired 12 000 Shares in an on-market transaction;
- 16.1.2.4. on 30 May 2024 and 31 May 2024 an associate of Quintin Michael Rossi acquired an aggregate of 1 700 Shares in on-market transactions;
- 16.1.2.5. on 28 May 2024, 30 May 2024 and 31 May 2024 another associate of Quintin Michael Rossi acquired an aggregate of 3 250 Shares in on-market transactions;
- 16.1.2.6. on 4 June 2024 and 5 June 2024 an associate of Quintin Michael Rossi acquired an aggregate of 4 600 Shares in on-market transactions;
- 16.1.2.7. on 5 June 2024 another associate of Quintin Michael Rossi acquired 3 000 Shares in an on-market transaction;
- 16.1.2.8. on 12 June 2024 an associate of Quintin Michael Rossi acquired 2 000 Shares in an on-market transaction;
- 16.1.2.9. on 12 June 2024 another associate of Quintin Michael Rossi acquired 3 500 Shares in an on-market transaction; and
- 16.1.2.10. on 18 June 2024 and 19 June 2024, an associate of Quintin Michael Rossi acquired an aggregate of 2 741 Shares in on-market transactions.

16.1.3. There will be no change in the Shares held by the Directors as a result of the Acquisition.

16.2. Directors' Remuneration

The remuneration of the Directors will not be varied as a result of the Acquisition.

16.3. Directors' Interests in transactions

- 16.3.1 Save for being a Shareholder of Spear, no Director (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly in the Acquisition or in any transactions that were effected by Spear during the current or immediately preceding financial year, or during an earlier financial year and which remain in any respect outstanding or unperformed.
- 16.3.2. No promoter or Director of Spear is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.
- 16.3.3. No Director has had any material beneficial interest, either direct or indirect, in the promotion of Spear. No cash or securities have been paid and no benefit has been given to any promoter within the last three years.

16.4. Service contracts of executive Directors

- 16.4.1. No new directors are being appointed to the Spear Board or the board of directors of any major Subsidiary of the Spear pursuant to the Acquisition.
- 16.4.2. Spear has not entered into any contracts relating to directors' and managerial remuneration, secretarial and technical fees or restraint payments, other than contracts of employment with the executive Directors and the company secretary, who are full time employees of Spear.
- 16.4.3. Contracts of employment with executive Directors of Spear were concluded, more than three years prior to the Last Practical Date, on terms and conditions that are standard for such appointments and contain normal terms of employment.
- 16.4.4. There are no service contracts in place for the non-executive Directors of Spear.

17. WORKING CAPITAL STATEMENT

The Directors are of the opinion that the working capital available to the Spear Group is sufficient for its present working capital requirements and will, post-implementation of the Acquisition be adequate for at least 12 months from the date of issue of this Circular.

18. LITIGATION STATEMENT

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have or have over the previous 12 months had a material effect on the financial position of the Spear Group or the Target Property Portfolio.

19. PRELIMINARY AND ESTIMATED EXPENSES

The estimated total amount of expenses (excluding VAT) incurred and to be incurred by Spear in respect of the Acquisition are set out below:

		R
Transaction advisor and Sponsor fees	PSG Capital	600 000
Independent Reporting Accountant fees	BDO	500 000
Legal, bond registration and due diligence fees	Cliffe Dekker Hofmeyr	1 532 000
Legal audit of lease agreements	Isabella Human	39 750
Electrical due diligence	QDP Lighting and Electrical	56 000
Structural and Fire due diligence	Eckon Consulting Engineers	350 000
Condition report due diligence	THC Building Consultants	200 650
Independent Property Valuation	Mills Fitchett Magnus Penny	163 000
Printing, publication and distribution expenses	Brandesign	50 000
JSE documentation and ruling fees	JSE	124 691
Competition filing and preparation fees	Cliffe Dekker Hofmeyr	200 000
Competition submission fees	Competition Commission	82 500
Conveyancing Fees	Anthony Rowan Attorneys	2 085 708
Contingency		94 244
TOTAL		6 078 543

Notes:

Other than as set out above, Spear has incurred no preliminary expenses in relation to the Acquisition during the 3 years preceding this Circular. R4.710 million of the above transaction cost is directly attributable to the Acquisition of the Target Portfolio and will be capitalised to investment properties.

20. CLASSIFICATION OF THE ACQUISITION

- 20.1. The aggregate Purchase Consideration represents more than 30% of Spear's market capitalisation as at the Signature Date and accordingly the Acquisition constitutes a category 1 transaction as contemplated in section 9 of the JSE Listings Requirements.
- 20.2. Accordingly, an ordinary resolution of Shareholders in terms of section 9.20 of the JSE Listings Requirements will be presented to Shareholders at the General Meeting, to approve the Acquisition.

21. GENERAL MEETING AND VOTING

- 21.1. A General Meeting of Shareholders will be held at 10:30 on Wednesday, 31 July 2024 at Spear REIT Limited Head Office, 16th Floor, 2 Long Street, Cape Town, to consider and, if deemed fit, to pass, with or without modification, the requisite resolution required to give effect to the Acquisition.
- 21.2. A notice convening the General Meeting is attached hereto and forms part of this Circular and contains the resolution to be considered at the General Meeting. Full details of the action required by Shareholders are set out in the "Action required by Shareholders" section of this Circular.
- 21.3. The ordinary resolution relating to the Acquisition set out in the Notice of General Meeting is subject to more than 50% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof.

22. OPINIONS AND BOARD'S RECOMMENDATION

- 22.1. The Board has considered the terms and conditions of the Acquisition and the rationale and is of the opinion that they are in the interests of Shareholders.
- 22.2. The Directors recommend that Shareholders vote in favour of the resolution to be proposed at the General Meeting.
- 22.3. Those Directors who directly or indirectly hold Shares in their personal capacities, intend to vote such Shares directly or indirectly held by them in favour of the resolution to be proposed at the General Meeting.

23. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given in the "Corporate Information and Advisors" section of this Circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Circular contains all information required by law and the JSE Listings Requirements.

24. ADVISORS' CONSENTS

Each of the advisors, whose names appear on the "Corporate Information and Advisors" section of this Circular, have consented in writing to act in the capacities stated and to the inclusion of their names and, where applicable, to the inclusion of their reports in this Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

25. CONFLICTS OF INTEREST

As indicated in this Circular, PSG Capital fulfils the functions of the transaction advisor and sponsor to the Company. It is PSG Capital's opinion that the performance of these functions does not represent a conflict of interest for PSG Capital, impair PSG Capital's independence from the Company or impair PSG Capital's objectivity in its professional dealings with the Company or in relation to the matters contemplated in this Circular.

26. DOCUMENTS INCORPORATED BY REFERENCE

The following information has been incorporated by reference and is available for viewing on Spear's website at the link below:

The Risk Management Report included in the Integrated Annual Report of Spear for the year ended 29 February 2024 <https://spearprop.co.za/investor-communications/integrated-reports/>

27. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of Spear and at the offices of the Sponsor or electronic copies can be requested for viewing by emailing the Company Secretary, René Cheryl Stober, at rene@spearprop.co.za, from the date of posting of this Circular, until the date of the General Meeting (both days inclusive):

- 27.1. the MOI of Spear and the memorandum of incorporation of each of its major Subsidiaries;
- 27.2. the Acquisition Agreements;
- 27.3. the material contract referred to in paragraph 12.2;
- 27.4. a signed copy of the Circular and all Annexures hereto;
- 27.5. the Independent Property Valuers' summary valuation report, a copy of which is set out in **Annexure 2**;
- 27.6. the Independent Property Valuers' detailed valuation reports in respect of the Target Property Portfolio;
- 27.7. the *pro forma* financial information of the Spear Group as set out in **Annexure 3**;
- 27.8. the Independent Reporting Accountant's signed assurance report on the *pro forma* financial information of Spear as set out in **Annexure 4**;
- 27.9. Independent Reporting Accountant's review report on the adjustment column in the *pro forma* consolidated statement of financial position of Spear as set out in **Annexure 5**;
- 27.10. the forecast financial information of the Target Property Portfolio as set out in **Annexure 6**;
- 27.11. the Independent Reporting Accountant's signed assurance report on the forecast financial information of the Target Property Portfolio as set out in **Annexure 7**;
- 27.12. the written consents from each of the advisors referred to in paragraph 24; and
- 27.13. the audited annual financial statements of Spear in respect of the preceding three financial years ended 28 February 2022, 28 February 2023 and 29 February 2024.

SIGNED AT CAPE TOWN ON TUESDAY, 2 JULY 2024 BY QUINTIN MICHAEL ROSSI ON BEHALF OF ALL THE DIRECTORS OF SPEAR, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS.



Quintin Michael Rossi (Chief Executive Officer)

Abubaker Varachhia* (Non-executive Chairman)
Michael Naftali Flax* (Non-executive Deputy Chairman)
Christiaan Barnard (Chief Financial Officer)
Brian Leon Goldberg**
Jalaloodien Ebrahim Allie** (Lead Independent Director)
Bongani Raziya**
Cormack Sean McCarthy*
Dr. Rozett Lucille Phillips**

* Non-executive

Independent

PROPERTY-SPECIFIC DETAILS OF TARGET PROPERTY PORTFOLIO

The table below sets out the details of the individual Properties comprising the Target Property Portfolio as at 1 April 2024:

Rental Enterprise Name	Property Description	Location	Sector	Total Gross Lettable Area ¹	Weighted average gross rental per m ² per month ²	Purchase Consideration ^{3,4,5}
Northpoint Industrial Park	Erf 23210, Brackenfell, in the City of Cape Town, Stellenbosch Division, Western Cape Province, in extent 3 1566 hectares	Brackenfell, Cape Town	Industrial	16,415,m ²	R81,22	R141 000 000
14 – 16 Boston Circle	Erf 4643 Matroosfontein, in the City of Cape Town, Cape Division, Western Cape Province, in extent 1 5001 hectares	Airport Industria, Cape Town	Industrial	7,899,m ²	R70,29	R57 000 000
The Studios	Section 1 as shown on sectional plan number ss 110/2009, in the scheme known as STUDIOS, in respect of the land and building or buildings, situate in Durbanville, City of Cape Town, Western Cape Province, 4971 square metres in extent; and Section 2 as shown on sectional plan number SS 110/2009, in the scheme known as STUDIOS, in respect of the land band building or buildings, situate in Durbanville, City of Cape Town, Western Cape Province, 4257 square metres in extent, comprising all of the sections in the above scheme.	Atlas Gardens, Cape Town	Industrial	9,251,m ²	R71,14	R64 500 000
Steelpark Industrial Park	Erf 35609 Bellville, in the City of Cape Town, Cape Division, Western Cape Province, in extent 1 4609 hectares	Bellville, Cape Town	Industrial	9,362,m ²	R58,72	R54 000 000
Freeway Business Park	The notarial deed of lease in respect of certain portions of Erf 15334, Cape Town measuring 14,920 and 4,144 square metres respectively	Maitland, Cape Town	Industrial	7,862,m ²	R102,17	R69 000 000
Boundary Terraces	Erf 159023 Cape Town, in the City of Cape Town, Cape Division, Western Cape Province, in extent 8037 square metres	Newlands, Cape Town	Office	8,676,m ²	R229,74	R210 500 000
Waterside Place	Erf 38527, Portion of ERF 37298 Bellville, Cape Town, in the City of Cape Town, Cape Division, Western Cape Province, in extent 4460 square metres	Tygervalley, Cape Town	Office	4,944,m ²	R147,67	R90 500 000
Newlands Terraces	Remainder Erf 96678, Cape Town, in the City of Cape Town, Cape Division, Western Cape Province, in extent 2302 square metres	Newlands, Cape Town	Office	5,217,m ²	R136,76	R73 600 000
9 Long Street	Erf 9596 Cape Town, in the City of Cape Town, Cape Division, Western Cape Province, in extent 2164 square metres	CBD, Cape Town	Retail/Office	10,135,m ²	R139,88	R133 150 000

Rental Enterprise Name	Property Description	Location	Sector	Total Gross Lettable Area ¹	Weighted average gross rental per m ² per month ²	Purchase Consideration ^{3,4,5}
Chiappini House	Erf 583, Cape Town, in the City of Cape Town, Cape Division, Western Cape Province, in extent 248 square metres	De Waterkant, Cape Town	Retail/ Office	1,024,m ²	R183,09	R20 000 000
Hamilton House	Erf 571, Cape Town, in the City of Cape Town, Cape Division, Western Cape Province, in extent 220 square metres					
	Erf 568, Cape Town, in the City of Cape Town, Cape Division, Western Cape Province, in extent 496 square metres	De Waterkant, Cape Town	Retail/ Office	3,453,m ²	R169,74	R60 750 000
	Erf 569, Cape Town, in the City of Cape Town, Cape Division, Western Cape Province, in extent 496 square metres					
Parklands Health Centre	Erf 32909 Milnerton, in the City of Cape Town, Cape Division, Western Cape Province, in extent 7601 square metres	Parklands, Cape Town	Retail/ Medical	2,594,m ²	R199,04	R49 500 000
The View, Tygervalley	Erf 39248 (Portion of ERF 29818) Bellville, in the City of Cape Town, Cape Division, Western Cape Province, in extent 5081 square metres	Tygervalley, Cape Town	Retail/ Medical	6,659,m ²	R189,64	R122 500 000
Total				93,491,m²		R1 146 000 000

Notes:

- Total Gross Lettable Area includes storage, patio and balcony m².
- Weighted average gross rental per m² for April 2024, excluding parking rental and recoveries but inclusive of assessment rates.
- In addition to the Purchase Consideration, the costs associated with the Acquisition (including, inter alia, the cost of the due diligence investigation and the fees of the legal advisors, JSE sponsor, reporting accountants and external independent valuer), to be incurred by Spear, are estimated at R6 078 543. Introductory agent's commission is payable by the Sellers in respect of the Acquisition; however, no agent's commission is due by Spear in respect of the Acquisition.
- The agreed aggregate Purchase Consideration in the Acquisition Agreements is R1 146 000 000. However, the Sellers have agreed to pay the once-off transaction fees, as set out in the Acquisition Agreements, to Spear in respect of, and against the transfer of, each of the respective Properties, with the aggregate of such once-off transaction fees being equal to R22 500 000 ("**Once-off Amount**"). The accounting treatment per IAS 40 of the Once-off Amount results in a reduced net Purchase Consideration of R1 123 500 000 (being the agreed Purchase Consideration of R1 146 000 000 less the Once-off Amount of R22 500 000).
- The aggregate Purchase Consideration payable in respect of the Target Property Portfolio, being an amount of R1 146 000 000 is considered to be the fair value, as determined by the directors of Spear. The directors of Spear are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No. 47 of 2000.
- The Purchase Consideration agreed in the Acquisition Agreements of R1 146 000 000 is R89 800 000 (or approximately 7,8%) less than the aggregate market value of the Target Property Portfolio, of R1 235 800 000, as reflected in the Independent Property Valuer's summary valuation report presented in **Annexure 2** to this Circular. The parties to the Acquisition each considered their individual and particular commercial/business circumstances when determining the value of the Target Property Portfolio and negotiating the Purchase Consideration, which explains the aforementioned variance and is the reason that the Purchase Consideration is below the market value determined by the Independent Property Valuer.

As noted in the Circular, the entire Target Property Portfolio is geographically situated in Cape Town in the Western Cape.

The table below sets out the sectoral and vacancy profile of the Target Property Portfolio, by rentable area and by revenue, as at 1 April 2024:

Sectoral Profile	Number of Rental Enterprises/ Properties	Purchase Consideration (R'000)	% of Total Purchase Consideration	Revenue (R'000)	% of Total Revenue	Gross Lettable Area (m ²)	% of Total Gross Lettable Area	Vacant area (m ²)	Vacancy as % of GLA
Industrial	5	385,500	33.64	57,023	31,93	50,789	54.33	962	1.03
Commercial	6	588,500	51.35	91,184	51,06	33,449	35.78	1,339	1.43
Retail	2	172,000	15.01	30,372	17,01	9,253	9.90	163	0.17
Total	13	1,146,000	100.00	178,580	100.00	93,491	100.00	2,464	2.64

The table below sets out the weighted average rental and rental escalation profile (based on existing leases) by rentable area and by sector, as well as the average annualised property yields based on the reduced net Purchase Consideration of R1 123 500 000 (being the agreed Purchase Consideration of R1 146 000 000 less the Once-Off Amount of R22 500 000), of the Target Property Portfolio, as at 1 April 2024:

Sectoral Profile	Weighted Average Rental per m ² (Rands)	Rental Escalation (%)	Average annualised property Yields (%)
Industrial	76,70	6.84	9.48
Commercial	168,82	6.77	9.61
Retail	192,31	7.30	10.19
Total	119,86	6.97	9.65

The table below sets out the tenant profile (based on existing leases) of the Target Property Portfolio, as at 1 April 2024:

Tenant profile ¹	Gross lettable area (m ²)	% of Total Gross Lettable Area	Number of tenants	% of Total Number of Tenants
A – Large national, large listed and government tenants	49,739	53.20	77	33.77
B – Smaller international and national tenants	15,390	16.46	29	12.72
C – Other local tenants and sole proprietors	25,898	27.70	122	53.51
Vacant	2,464	2.64	0	0.00
Total	93,491	100.00	228	100.00

^{1.} Tenant profile categories:

A - Large international and national tenants, large listed tenants, government and major franchisees. These include, inter alia, Clicks, Intercare, Bidvest Data, CCI South Africa, the Department of Public Works, PPS Investments and Pepkor.

B - National tenants, listed tenants, franchisees and medium to large professional firms. These include, inter alia, Torga Optical, Glass Fit, Medscheme, Samsung Electronics, Van Schaik Bookstore and Aecom.

C - Other local tenants and sole proprietors: comprising 122 tenants.

The table below sets out the lease expiry profile (based on existing leases) by revenue and by rentable area per sector, of the Target Property Portfolio, as at 1 April 2024:

Lease expiry profile based on GLA	Industrial (%)	Commercial (%)	Retail (%)	Total (%)
Vacant	1	2	0	3
Year 1	28	28	33	27
Year 2	17	14	5	15
Year 3	15	30	17	20
Year 4	24	7	10	17
Year 5	15	19	35	18
Total	100	100	100	100

Lease expiry profile based on revenue	Industrial (%)	Commercial (%)	Retail (%)	Total (%)
Vacant	0	0	3	1
Year 1	29	32	36	31
Year 2	20	17	4	16
Year 3	14	29	19	22
Year 4	24	7	8	13
Year 5	13	16	30	17
Total	100	100	100	100

INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT ON THE TARGET PROPERTY PORTFOLIO

The Directors
Spear REIT Limited
16th Floor
2 Long St
Cape Town
8001

26 June 2024

For Attention: Ms. Kim Pfaff-Karg

Dear Madam,

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

In accordance with your instruction of 22nd November 2023, I confirm that we have visited and inspected the properties listed in the attached schedule ("**Properties**") during December 2023 and March 2024 and have received all the necessary details required to perform valuations in order to provide you with my opinion of the market value of the Properties as of 1 April 2024. This valuation assumes that no material changes in circumstances will have occurred by the effective date of the valuation.

1. INTRODUCTION

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

The Detailed Reports include commentary on the current economy and the (i) nature; (ii) locality; (iii) risk profile and property risks of each of the Properties. All these aspects have been considered in the individual valuations of each of the Properties. The Detailed Reports have further addressed the tenancy income capability and expenditure of each of the Properties and tenants. Historic expenditure profile as well as future expenditure increases have been considered. The value reflected in each of the Detailed Reports indicates the fair market value for each of the respective Properties, which have been summarised in the summary schedule, attached hereto.

2. BASIS OF VALUATION

The valuation of the Properties are based on market value.

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

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

3. VALUE CALCULATION

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

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

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

The considerations for the capitalised valuations are as follows:

- 3.1. calculating the forward cash flow of all contractual and other income from the properties;
- 3.2. calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for void or future capital expenditure to which the property may be exposed;

- 3.3. Being multi tenanted, the current area vacancies as a percentage of the properties range from 0% to 3.5%. I have not allocated any provision for rental that may not be collected as a consequence of absence of any vacancy, tenant failure or tenant refitting during the course of the coming year. The tenancies are varied in terms of their relationship to market, some are market related, whilst others are both above and below market;
- 3.4. there is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There is, however, ongoing external maintenance work and some tenant installation fitting that is currently in progress. There is no loss of rental as a result of these activities; the rentals achieved varied with regards to their relationship to market. Some are market related, whilst others are both above and below market. This has been determined by comparing similar buildings in comparable areas to the properties valued, in terms of rental per square metre. The rental rate has also been checked against various published indices including the South African Property Owners Association (SAPOA) index. There is therefore potential for a rental flow reversion on expiry of the above and below market rental leases;
- 3.5. This is provided that the economy remains in a slow recovery pattern as currently being experienced as that there are no major economic fluctuations which may upset the economy;
- 3.6. capitalising the net contractual income derived from the properties for a period of 1 year in advance, calculated from 1 April 2024;
- 3.7. the valuation has considered published market statistics regarding rental rates and expenditure for the different types of properties. It is also considered numerous other portfolios of similar properties in order to determine if any properties are over rented or have excessive expenditure; and
- 3.8. no provisions for capital contingencies were deducted from the capitalised value.

4. SPARE/VACANT LAND

There is no spare or vacant land components forming part of these properties, consequently no valuation was necessary.

5. BRIEF DESCRIPTION

The Properties comprise a diverse portfolio consisting industrial, retail, mixed use and commercial assets. Some of these commercial assets include long dated medical and life sciences related facilities. The offices include corporate, A-Grade and B-Grade accommodation.

Ownership will be one leasehold offering, a sectional title scheme and freehold.

6. VALUATION QUALIFICATIONS

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

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

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

7. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

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

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

8. INTRA-GROUP OR RELATED PARTY LEASES

To the best of my knowledge, there are no related party leases.

9. CURRENT STATE OF DEVELOPMENT

To the best of my knowledge none of the properties are currently being developed.

10. RENTALS USED IN VALUATIONS

All of the properties are rented out. The current annual rental and future annual rentals have been calculated in a separate discounted cash flow, check schedule. It is noted that there are no material rental reversions until the leases terminate. The rentals for the properties increase from 5.50% to 8.00% compounding per annum.

11. EXTERNAL PROPERTY

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

12. OTHER GENERAL MATTERS AND VALUATION SUMMARY

All relevant Town Planning conditions pertaining to each Property have been addressed, details of which are contained in the motivated valuation reports and in the "Caveats" paragraph below. To the best of my knowledge there is no contravention of these conditions in any of the Properties.

Full valuation reports are available in respect of each of the Properties detailing individual tenancies and their terms and conditions, together with our assumptions, which are also recorded in our tenancy schedules annexed to the above full valuation reports.

These Detailed Reports have been delivered to the Directors of Spear.

13. ALTERNATIVE USE FOR PROPERTIES

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

14. OTHER COMMENTS

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

15. CAVEATS

Information have been received from the sellers, their managers, yourselves and architects. All information received is assumed to be reliable and accurate.

Source of information and verification includes title deeds or sectional title certificates from the Deeds Office, site diagrams or sectional title plans from the Surveyor General's Office and Town Planning information from the respective local authorities.

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

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

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

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

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

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

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

Where full town planning details have not been supplied, we have spoken to the appropriate Town Planning Departments and have extracted zoning information from their websites. Title deeds have been supplied in the Detailed Reports including conditions and restrictions and the Properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the Properties.

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

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

16. MARKET VALUE

I am of the opinion that the aggregate market value of the Properties as of 1 April 2024 is R1,235,800,000.00 (excluding VAT). A summary of the valuation and details of each of the Properties is attached.

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

I have more than 31 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the Properties.

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

Yours faithfully

M. R. B. GIBBONS

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

Professional Valuer

Registration No. 4127

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

For and behalf of: Mills Fitchet Magnus Penny

Second Floor

Vineyard Centre

12 Dreyer Street

Claremont, 7780.

SCHEDULE OF PROPERTIES

No	Property name	Physical address	Registered legal description (Erf number)	Property description and use	Valuer's inspection date	Freehold/Leasehold	Tenure of leasehold	Rentable area (GLA) (m²)	Approximate age of building	Building grade	Zoning, town planning and statutory contravention (if any)	Assumed perpetual void/vacancy	Income projection (ZAR) for the period 1/04/2024 to 31/03/2025	Valuation ZAR as at 1 April 2024
1	Boundary Terraces	Mareindahl Lane, Newlands.	Erf 159023 Cape Town	Offices	31/01/2024	Freehold	N/A	8,214 m ²	27 yrs	A Grade	None	2.5%	R20,141,789	R217,000,000
2	9 Long St	9 Long Street, Cape Town	Erf 9596 Cape Town	Offices	31/01/2024	Freehold	N/A	10,025 m ²	41 yrs	B Grade	None	1.5%	R13,340,307	R144,900,000
3	Waterside Place	13 Fountain Road Tygervally	Erf 38527 Bellville	Offices.	31/01/2024	Freehold	N/A	4,936 m ²	22 yrs	A Grade	None	3.5%	R8,181,740	R94,000,000
4	Newlands Terraces	10 Boundary Road, Newlands	Rem. Erf 96678 Cape Town	Offices	31/01/2024	Freehold	N/A	5,217 m ²	18 yrs	B Grade	None	2.5%	R5,502,934	R82,100,000
5	Hamilton House	30 Waterkant Street, Cape Town	Erven 568 & 569 Cape Town	Offices	31/01/2024	Freehold	N/A	3,445 m ²	98 yrs	A Grade	None	2.5%	R4,973,189	R65,050,000
6	Chiappini House	28 Chiappini Street, Cape Town	Erven 571 & 583 Cape Town	Offices	31/01/2024	Freehold	N/A	1,024 m ²	98 yrs	B Grade	None	2.5%	R1,952,579	R21,500,000
7	The View	43 Old Oak Way, Tygervally	Erf 39248 Bellville.	Offices	30/01/2024	Freehold	N/A	6,656 m ²	17 yrs	A Grade	None	2.5%	R12,696,846	R132,100,000
8	Parklands	11 Village Walk, Parklands	Erf 32909 Milnerton	Offices	30/01/2024	Freehold	N/A	2,588 m ²	20 yrs	A Grade	None	1.5%	R5,243,737	R53,700,000
9	Northpoint Industrial Park	14A Capricorn Way, Everite Industria	Erf 23210 Brackenfell	Factory & Offices	30/01/2024	Freehold	N/A	16,415 m ²	6 yrs	A Grade	None	2.5%	R12,989,906	R147,750,000

Property No	Property name	Physical address	Registered legal description (Erf number)	Property description and use	Valuer's inspection date	Freehold/Leasehold	Tenure of leasehold	Rentable area (GLA) (m ²)	Approximate age of building	Building grade	Zoning, town planning and statutory contravention (if any)	Assumed perpetual void/vacancy	Income projection (ZAR) for the period 1/04/2024 to 31/03/2025	Valuation ZAR as at 1 April 2024
10	The Studios	1 Wild Olive Street, Atlas Gardens	Sections 01 & 02 SS The Studios, Atlas Gardens	Factory & Offices	30/01/2024	Freehold	N/A	9 301 m ²	15 yrs	B Grade	None	3.5%	R7 725 044	R76 700 000
11	Freeway Park	112 Voortrekker Road, Salt River.	Ptn of Rem. Erf 15334 Cape Town	Factory & Offices	30/01/2024	Leasehold	58 yrs	7 801 m ²	27 yrs	B Grade	None	1.5%	R7 294 210	R81 800 000
12	14-16 Boston Circle	16 Boston Circle, Airport Industria, Cape Town	Erf 4643 Matroosfontein Cape Town	Factory & Offices	30/01/2024	Freehold	N/A	7 899 m ²	28 yrs	B Grade	None	0%	R5 939 546	R67 200 000
13	Steel Park	3 Symphony Road, Sacks Circle.	Erf 35609 Bellville	Factory & Offices	30/01/2024	Freehold	N/A	9 362 m ²	36 yrs	B Grade	None	2.5%	R4 486 642	R52 000 000

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE SPEAR GROUP

The definitions and interpretations commencing on page 6 of the Circular have been used throughout this Annexure.

The *pro forma* consolidated statement of financial position of Spear ("**pro forma financial information**") has been prepared to illustrate the effect of the Acquisition on the Spear Group (after adjusting for the post-reporting period disposals).

The *pro forma* financial information is based on Spear's published consolidated annual financial statements for the year ended 29 February 2024 and assumes that the Acquisition occurred on 29 February 2024.

The Spear Board has considered whether the Acquisition constitutes the purchase of assets or a business in accordance with the requirements of IFRS 3: *Business Combinations (Amended)* and concluded that the Acquisition will not constitute a business combination.

The *pro forma* financial information has been prepared for illustrative purposes only and because of its nature may not fairly present the Spear's consolidated financial position after the transaction and post-reporting period disposals. The *pro forma* financial information has been prepared using accounting policies that comply with IFRS Accounting Standards and that are consistent with those applied in Spear's consolidated annual financial statements for the year ended 29 February 2024.

The *pro forma* financial information has been prepared in accordance with the JSE Listings Requirements, the IRBA Guide on Reporting Responsibilities of the Reporting Accountant Relating to Property Entities in terms of the JSE Listings Requirements and the South African Institute of Chartered Accountants Guide on *Pro forma* Financial Information.

The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors of Spear.

The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's report on the *pro forma* financial information and the Independent Reporting Accountant's review report on the adjustment column in the *pro forma* financial information, which are presented in **Annexure 4** and **Annexure 5** to this Circular.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE SPEAR GROUP

	Note 1	Note 2	Note 3	Note 4	Total	Note 5	Total
	Spear REIT Limited Audited Feb 2024 R'000	Acquisition of Target Property Portfolio Pro Forma	Purchase price adjustment Pro Forma	Transaction Costs Pro Forma	Spear Post Transaction Pro Forma	Post-reporting period disposals	Spear Post Transaction and Disposals Pro Forma
ASSETS							
Investment property (including straight-line accrual)	4 185 066	1 123 500	11 460	4 710	5 324 736		5 324 736
Property, plant and equipment	500				500		500
Deferred taxation	433				433		433
Non-current assets	4 185 999	1 123 500	11 460	4 710	5 325 669	-	5 325 669
Investment properties held for sale	443 000				443 000	(443 000)	-
Loans to related parties	215				215		215
Other financial asset	821				821		821
Trade and other receivables	23 337				23 337		23 337
Cash and cash equivalents	25 051	(219 250)		(6 079)	(200 278)	208 000	7 722
Current assets	492 424	(219 250)	-	(6 079)	267 095	(235 000)	32 095
TOTAL ASSETS	4 678 423	904 250	11 460	(1 369)	5 592 764	(235 000)	5 357 764
EQUITY AND LIABILITIES							
Shareholders' interest							
Share capital	2 388 960				2 388 960		2 388 960
Share-based payment reserve	12 754				12 754		12 754
Accumulated income	666 331			(1 369)	664 962		664 962
Total attributable to owners	3 068 045	-	-	(1 369)	3 066 676	-	3 066 676
Non-controlling interest	13 112				13 112		13 112
	3 081 157	-	-	(1 369)	3 079 788	-	3 079 788

ASSETS	Note 1	Note 2	Note 3	Note 4	Total	Note 5	Total
	Spear REIT Limited Audited Feb 2024 R'000	Acquisition of Target Property Portfolio Pro Forma	Purchase price adjustment Pro Forma	Transaction Costs Pro Forma	Spear Post Transaction Pro Forma	Post-reporting period disposals	Spear Post Transaction and Disposals Pro Forma
Liabilities							
Financial liabilities	1 247 616	719 350	11 460		1 978 426		1 978 426
Non-current liabilities	1 247 616	719 350	11 460	-	1 978 426	-	1 978 426
Financial liabilities	240 442	184 900			425 342	(235 000)	190 342
Lease Liability	12 670				12 670		12 670
Trade and other payables	96 439				96 439		96 439
Taxation payable	99				99		99
Current liabilities	349 650	184 900	-	-	534 550	(235 000)	299 550
TOTAL LIABILITIES	1 597 266	904 250	11 460	-	2 512 976	(235 000)	2 277 976
TOTAL EQUITY AND LIABILITIES	4 678 423	904 250	11 460	(1 369)	5 592 764	(235 000)	5 357 764
Number of ordinary shares in issue	282 400 242				282 400 242		282 400 242
Treasury shares	(22 314 509)				(22 314 509)		(22 314 509)
Net ordinary shares in issue	260 085 733				260 085 733		260 085 733
Gearing Ratio	31,61%				45,15%		40,59%
Net asset value per share (Rands)	11,80				11,79		11,79
Tangible net asset value per share (Rands)	11,79				11,79		11,79

Note 1

Presents the consolidated statement of financial position extracted, without adjustment, from the audited statement of financial position of Spear REIT Limited as at 29 February 2024 issued on 22 May 2024.

Note 2

Spear acquires the Target Property Portfolio consisting of twelve freehold Properties and one leasehold Property held under a notarial agreement of lease. The agreed aggregate Purchase Consideration in the Acquisition Agreements is R1,146 billion. However, the Sellers have agreed to pay the once-off transaction fees, as set out in the Acquisition Agreements, to Spear in respect of, and against the transfer of, each of the respective Properties, with the aggregate of such once-off transaction fees being equal to R22.5 billion ("**Once-off Amount**"). In terms of IAS 40, the Once-off Amount results in a reduced net Purchase Consideration of R1,123 billion (being the Purchase Consideration of R1.146 billion less the Once-off Amount of R22.5 million in accordance with IAS 40).

The Acquisition will be funded through a combination of the following:

- Cash reserves of R219 million of which R208 million will be raised as a result of the disposal of the Liberty Life and 142 Edward buildings. Refer to Note 5 for more detail on the disposal of the Liberty Life and 142 Edward buildings.
- Short term debt to the value R184.9 million using existing mortgage bond facilities as security for debt that was settled in the past through asset disposals. The short-term debt of less than 12 months will be at an interest rate linked to the 3-month Jibar plus a company specific margin.
- Long term variable debt of R719.3 million comprising the following:
 - (1) A R384.5 million loan for 4 years at an interest rate linked to the 3-month Jibar plus a company-specific margin;
 - (2) A R177.25 million, 3-year rolling credit facility at an interest rate linked to the 3-month Jibar plus a company-specific margin.
 - (3) A R157.6 million loan for 4 years at an interest rate linked to the 3-month Jibar plus a company-specific margin

The blended weighted average of the company specific margins applicable to the debt facilities listed above is 1.53%, which is in line with the interest rate margins that apply to Spear's current variable rate loans from Nedbank Limited.

Note 3

The Acquisition Agreements include a purchase price adjustment mechanism stating that if the transfer of the Target Property Portfolio occurs after 1 October 2024, the individual purchase price of each Property shall be increased by a factor of 0.5% per month, calculated from 1 October 2024. The purchase price adjustment of R11.4 million was determined as the price escalation for the 2 months period between 1 October 2024 and the expected date of transfer of 1 December 2024. The price adjustment will be funded as part of the long-term variable loan for 4 years at 3-month Jibar plus a company-specific margin on long term debt described in Note 2.

Note 4

Transaction costs of R6.079 million, funded by cash reserves, are treated as follows:

- (1) Transaction costs of R1.369 million directly attributable to the issue of the Circular have been recognised as an expense in the statement of comprehensive income in accordance with IAS 32 Financial Instruments: Presentation (IAS 32).
- (2) Transaction costs of R4.710 million directly attributable to the acquisition of the Target Property Portfolio have been capitalised to investment properties in accordance with IAS 40 Investment Property (IAS 40).

Note 5

Investment property that was classified as held for sale at 29 February 2024 comprised the Liberty Life and 142 Edward buildings for R400 million and R43 million respectively. The transfer of 142 Edward occurred on 26 March 2024 and the transfer of the Liberty Life building occurred on 28 May 2024. The impact of the disposals is a decrease in investment property held for sale of R443 million, an increase of cash and cash equivalents of R208 million and a decrease in current liabilities of R235 million. The post-period disposals have been included as part of the adjustments to the *pro forma* financial information in accordance with the SAICA Guide on *Pro Forma* Financial Information paragraph 43 as non-disclosure of these disposals would affect the ability of investors to make proper evaluation and decisions.

Note 6

There are no material post-reporting period events that require adjustments to the *pro forma* financial information other than Note 5 and the disclosure of the following:

During the due diligence of the Target Property Portfolio, it was identified that R15 million in capital expenditure is required for certain Properties as part of the ordinary property life cycle. The Acquisition Agreements stipulate that if this work is carried out by the relevant Sellers and approved by Spear before the transfer of the relevant Property, Spear will reimburse the relevant Seller, provided that the maximum aggregate reimbursement will be R15 million. After the transfer, Spear has committed to completing the identified capital work totalling R24 million over a two-year period, deducting any work already undertaken by the Sellers prior to the transfer. No adjustment were made to the *pro forma* information for the abovementioned capital expenditure as it relates to future decisions which are specifically excluded per paragraph 8.30 (b) of the JSE listing requirements.

Note 7

Significant judgements and sources of estimation uncertainty are:

- (1) Significant judgement has been applied in accounting for the acquisitions of the Target Property Portfolio
- In assessing the accounting treatment it was concluded that the transaction is not in the scope of under IFRS 3: Business Combinations. Management applied guidance contained in IFRS 3: B7 and specifically IFRS 3: B12C to assess whether the acquired process is substantive if the acquired set of activities and assets have outputs. It was concluded that the Target Property Portfolio does not meet the definition of a business as the types of process acquired are administrative in nature and none of the criteria in IFRS 3: B12C are met.
 - Accordingly, management has applied IAS 40 to account for the acquisition of the Target Property Portfolio.
- (2) Refer to table below relating to the valuation significant assumptions and unobservable inputs used in determine the fair value on the Signature Date which is equal to the Purchase Consideration of the Target Property Portfolio.

	Industrial (%)	Commercial (%)	Retail (%)	Total (%)
Average discount rate	14,35	14,46	14,25	14,35
Average capitalisation rate	9,35	9,46	9,25	9,35
Average exit capitalisation rate	9,85	9,96	9,75	9,85
Average rental growth rate	5,00	5,00	5,00	5,00
Average expense growth rate	6,00	6,00	6,00	6,00
Structural vacancy range	0,50	0,83	0,75	0,69
Void period range	2 – 4 months	2 – 4 months	2 – 4 months	2 – 4 months

- (3) Refer to **Annexure 2** of the Circular for the detailed valuation assumptions on a Property level.

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE PRO FORMA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF SPEAR**

The Directors
Spear REIT Limited
16th Floor, 2 Long Street,
Cape Town,
8001

26 June 2024

Dear Sirs/Mesdames

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION OF SPEAR REIT Limited ("SPEAR" OR "THE COMPANY")

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Spear by the directors (the "**Directors**"). The *pro forma* financial information, as set out in **Annexure 3** of the circular ("**the Circular**"), consists of the *pro forma* consolidated statement of financial position and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Listing Requirements and described in paragraph 7 and **Annexure 3** of the Circular.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the corporate actions or events, described in paragraph 7 of the Circular, on the company's consolidated financial position as at 29 February 2024, as if the corporate action or event had taken place at 29 February 2024. As part of this process, information about the company's financial position and performance has been extracted by the Directors from the company's published audited consolidated financial information for the year ended 29 February 2024.

Directors' responsibility for the *pro forma* financial information

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listing Requirements and described in paragraph 7 and **Annexure 3** of the Circular.

Our independence and quality control

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

The firm applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listing Requirements and described in paragraph 7 and **Annexure 3** of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information included in a Prospectus issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements and described in paragraph 7 and **Annexure 3** of the Circular.

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

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

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

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listing Requirements and described in paragraph 7 and **Annexure 3** of the Circular.

Purpose of the report

This report has been prepared for the purpose of satisfying the requirements of paragraph 13.16 of the JSE Limited Listings Requirements and for no other purpose.

Yours faithfully

BDO South Africa Incorporated

Chartered Accountants (SA)

Registered Auditors

per B van der Walt

Chartered Accountant (SA)

Registered Auditor

JSE Reporting Accountant Specialist

**INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON THE ADJUSTMENT COLUMN IN THE
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF SPEAR**

The Directors
Spear REIT Limited
16th Floor, 2 Long Street,
Cape Town,
8001

26 June 2024

Dear Sirs/Mesdames

**INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON THE ADJUSTMENT COLUMN IN THE PRO FORMA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF SPEAR REIT LIMITED ("SPEAR" OR "THE COMPANY")**

We have reviewed the assets to be acquired by Spear, as reflected in the adjustment column of the *pro forma* statement of financial position as at 29 February 2024, included in **Annexure 3** to the circular to be issued on or about Tuesday, 2 July 2024 as required by paragraph 13.16(e) of the JSE Limited Listings Requirements.

Directors' responsibility for the financial information

The directors are responsible for the preparation and presentation of the financial information in accordance with paragraph 13.16(a)-(d) of the JSE Limited Listings Requirements (the JSE Limited Listings Requirements for the adjustment column of the *pro forma* statement of financial position), as set out in Note 2 to the *pro forma* statement of financial position, and for such internal control as the directors determine is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express a conclusion on the financial information. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in accordance with the JSE Limited Listings Requirements for the adjustment column of the *pro forma* statement of financial position. This Standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information is not prepared, in all material respects, in accordance with the JSE Limited Listings Requirements for the adjustment column of the *pro forma* statement of financial position, as set out in Note 3 to the *pro forma* statement of financial position.

Purpose of report

This report has been prepared for the purpose of satisfying the requirement of paragraph 13.16(e) of the JSE Limited Listings Requirements, and for no other purpose.

Yours faithfully

BDO South Africa Incorporated

Chartered Accountants (SA)
Registered Auditors

per B van der Walt

Chartered Accountant (SA)
Registered Auditor
JSE Reporting Accountant Specialist

**FORECAST STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME OF THE TARGET PROPERTY PORTFOLIO**

The definitions and interpretations commencing on page 6 of the Circular have been used throughout this Annexure.

The forecast statements of profit or loss and other comprehensive income of the Target Property Portfolio (“**forecast financial information**”) set out below have been prepared on the assumption that the effective date of the Acquisition will be 1 December 2024:

- for the three months ending 28 February 2025 (being the period from the estimated effective date to the end of Spear’s financial year ending 28 February 2025); and
- for the financial year ending 28 February 2026.

The forecast financial information, including the assumptions on which they are based, are the responsibility of the Spear Board.

The forecast financial information has been prepared in accordance with Spear’s accounting policies, which are in compliance with IFRS Accounting Standards, and the JSE Listings Requirements.

The forecast financial information must be read in conjunction with the independent reporting accountant’s assurance report on the forecast financial information, contained in **Annexure 7** of this Circular.

FORECAST STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TARGET PROPERTY PORTFOLIO

R’000	Notes	3 Months 28-Feb-25	12 Months 28-Feb-26
Rental income	2,3,4,5,6	44 465	186 027
Straight-line rental income		1 557	2 594
Gross property income		46 022	188 621
Property expenses	7	(16 690)	(69 721)
Net property income		29 332	118 900
Administration expenses	8	(1 067)	(4 465)
Operating profit		28 265	114 435
Finance costs	9	(25 547)	(103 757)
Profit before taxation		2 718	10 679
Taxation	10	(15)	35
Total comprehensive income for the period/year		2 703	10 714
Attributable to:			
Equity owners of parent		2 703	10 714
Non-controlling interest		–	–
Incremental basic earnings per share		1,04	4,12
Incremental diluted earnings per share		1,02	4,05

Note 1

The forecasts for the 3 months ending 28 February 2025 and financial year ending 28 February 2026 are based on information derived from lease contracts, service level agreements and historic information derived from property managers as well as the detailed property information as set out in **Annexure 1**. The date of registration of the transfer of ownership of the Target Property Portfolio is assumed to be the 1st of December 2024 (the “**Effective Date**”) and therefore the forecast for the year ending 28 February 2025 only includes the 3 months from the Effective Date.

Note 2

Contracted/Uncontracted revenue split	3 Months 28-Feb-25	12 Months 28-Feb-26
Basic gross rental (R'000)	31 910	133 471
% contracted rental revenue	88,31	76,43
% near contracted revenue	5,88	14,00
% uncontracted revenue	5,81	9,58
Total basic gross rental	100	100

Note 3

Rental income consists of basic gross rental, parking rental and recoveries	3 Months 28-Feb-25 R'000	12 Months 28-Feb-26 R'000
Basic gross rental	31 910	133 471
Parking rental	3 172	13 503
Operating cost recoveries	2 169	9 107
Municipal recoveries	7 214	29 945
Total revenue	44 465	186 027

Note 4

Contracted revenue is based on existing lease agreements, including contractual increases of between 5.5% and 8.0%, all of which is valid and enforceable. 88.31% and 77.43% of the rental income for period ending 28 February 2025 and year ending 28 February 2026 relates to contractual rental income respectively.

Included in the contracted revenue are rental guarantees of R1.42 million and R5.80 million in FY25 and FY26 respectively as described in paragraph 3.4.3 in the Circular.

Note 5

Near contracted revenue comprising revenue for leases that expire during the forecast periods which has a reasonable expectation of renewal represents 5.88% and 14.00% of rental revenue for the 3 month period ending 28 February 2025 and year ending 28 February 2026 respectively. In determining the forecast renewal rental, management have assessed each lease individually with reference to the specific tenant and the current rental in comparison to the prevailing market rental rates. This assessment results in both increases and decreases in the forecast near contractual rental when compared to the last contract rental, however where an increase is forecast it is inflationary in nature.

Note 6

Uncontracted revenue comprises of lease agreements that have lapsed where the tenant is paying rent on a month-to-month basis and vacant space with no current tenant in place where income was forecasted in the forecast period. Uncontracted revenue in relation to vacant space was forecasted on a systematic take up of space on a lease-by-lease basis using current and recent lease agreements to determine the prevailing market related rental. Uncontracted revenue comprises of 5.81% and 9.58% of revenue for the 3 month period ending 28 February 2025 and financial year ending 28 February 2026 respectively.

Note 7

Property operating expenditure has been forecast by the property managers and reviewed in detail by the chief financial officer on a line by line basis, based on management review of historical expenditure, where available, comparison to the current Spear group portfolio expenses and discussion with the sellers property managers. On average the increase in expenditure is inflation driven unless there was a current service level agreement in place with a fixed escalation or based on specific circumstances. Increases ranged from 5% – 12%.

The following table presents the material expense at an account level over the forecast period:

	3 Months 28-Feb-25 R'000	12 Months 28-Feb-26 R'000
Rates & Taxes	3 080	12 813
Electricity	5 083	21 114
Security Service Contracts	1 724	7 455
Property Management Fee Paid	1 066	4 455
Petrol & Oil	1 239	5 130
Repairs and maintenance	1 263	5 234

Note 8

The following material expense items have increased or decreased by more than 15% in the forecast period:

Electricity 38,62%

Regulatory tariff increases from Nersa were factored into forecast as well as an evident increase in usage at commercial properties as the return to office trend increases.

Property Management Fee Paid 16,60%

Property management fee of 2.4% of revenue is forecast to operate the group of assets internally by Spear going forward. The cost includes all head office expenditure that would be required for the planned additional staff members to join Spear.

Petrol & Oil 722,73%

Forecast for 3 months from anticipated transfer date has more severe loadshedding stages forecasted compared to prior corresponding period as the risk continues that Eskom will not be able to keep up with demand. Diesel is 100% recoverable from tenants per leases at each property.

Repairs and maintenance 117,10%

Repairs and maintenance was increased to be aligned with Spear group expense ratios and industry standards for properties of this nature. This was done after extensive review and investigation where conditioning reports and 10 year maintenance and capital expenditure requirements reports for each property was prepared.

No other material expense items increased or decreased by more than 15%.

Note 9

The transaction will be funded by R904.2 million of debt with the residual balance funded from R208 million cash from the disposal of the Liberty Life and 142 Edward buildings and existing cash reserves as detailed in note 2 to the *pro forma* statement of financial position. For purposes of forecasting future interest expense, management reviewed all available information and interest rate forecast by major financial institutions and given the anticipated Effective Date of the transaction being 1 December 2024, information obtained and reviewed indicated that at the time of implementation the SARB would have reduced the repo rate by 0.75% from 8.25% to 7.5%. Management thus used this forecast repo rate in forecasting the finance costs and no further interest rate movements were taken into account in preparing the forecast.

Included in the finance costs are finance costs on the cash utilised which would have otherwise been used to settle existing facilities which has the effect of increasing the net debt position of Spear. This amounted to R8.86 million for FY25 and R17.7 million for FY26 respectively.

In order to assist the reader in assessing the impact of interest rate changes the below tables have been prepared:

	3 Months 28-Feb-25 R'000	12 Months 28-Feb-26 R'000
No reduction in repo rate (8.25%)		
Increase in finance cost	1 846	8 902
Decrease in profit or loss	(1 846)	(8 902)
1.00% reduction in repo rate to 7.25%		
Decrease in finance cost	(957)	(2 466)
Increase in profit or loss	957	2 466

Note 10

Income taxation becomes payable on all retained income after deduction of s25BB qualifying distributions. Income tax has been calculated using the pay-out ratio of 95%, meaning that 5% is taxable at the current taxation rate of 27%.

Note 11

The Forecasts incorporate the following material assumptions in respect of revenue and expenses that cannot be influenced by the Directors of the Company:

- the Forecasts have assumed no force majeure (acts of God, riots, political instability);
- Spear REIT Limited will distribute 95% of its distributable income;
- the Effective Date of the acquisition of the 13 freehold properties is assumed to be 1 December 2024;
- there will be no unforeseen economic factors that will affect the lessees' ability to meet their commitments in terms of existing lease agreements;
- consumption based recoveries are consistent with the valuer's property income statements;
- with regards to the forecast interest on the interest-bearing facilities:
 - the interest-bearing facilities will bear interest at the rates specified in paragraph 11 of the Circular.
 - by the Effective Date of transfer of the properties the repo rate will have been reduced by 75 basis points to 7.50%.

Note 12

The Forecasts have been compiled in full compliance with Spear REIT Limited's accounting policies, The accounting policies comply with IFRS Accounting Standards, the requirements of the Companies Act 2008 of South Africa, the SA financial reporting requirements and the JSE Listings Requirements.

Note 13**Disclosure of information of earnings per share (EPS)**

The information below describes the incremental impact that the acquisition is expected to have on Spear's basic EPS, diluted EPS, headline EPS and diluted headline EPS.

	Forecast for the year ending 28 February 2025 Cents	Forecast for the year ending 28 February 2026 Cents
Incremental basic earnings per share	1,04	4,12
Incremental diluted earnings per share	1,02	4,05
Incremental headline earnings per share	1,04	4,12
Incremental diluted headline earnings per share	1,02	4,05

Reconciliation:

This note provides the obligatory information in terms of IAS 33 Earnings Per Share and SAICA Circular 1/2023 for the group and should be read in conjunction with the distributable income per share recon below determining the dividend declared to shareholders, which is a meaningful metric for a stakeholder in a REIT.

R'000	Forecast for the year ending 28 February 2025	Forecast for the year ending 28 February 2026
Profit for the year attributable to shareholders	2 703	10 714
Adjusted for:		
Change in fair values of investment properties	-	-
Headline earnings	2 703	10 714
Straight-line rental income	(1 557)	(2 594)
Distributable income	1 146	8 120
Number of ordinary shares in issue	282 400 242	282 400 242
Treasury shares	(22 314 509)	(22 314 509)
Net ordinary shares in issue	260 085 733	260 085 733
Weighted average number of shares	260 085 733	260 085 733
Diluted average number of shares from CSP	4 222 953	4 222 953
Total number of shares at period end	264 308 686	264 308 686

Distribution reconciliation	Cents	Cents
Distributable Dividend	1 146	8 120
Distribution %	95	95
Distribution payable	1 089	7 714
Incremental Distribution per share (cents)	0,42	2,97

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE FORECAST STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME OF THE TARGET PROPERTY PORTFOLIO**

The Directors
Spear REIT Limited
16th Floor, 2 Long Street,
Cape Town,
8001

26 June 2024

Dear Sirs/Mesdames

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF SPEAR REIT Limited ("SPEAR" OR "THE COMPANY")

Report on the identified property forecast information

We have undertaken a reasonable assurance engagement in respect of the accompanying property forecast of Spear for the period ending 28 February 2025 and the year ending 28 February 2025 and 28 February 2026 set out in **Annexure 6** of the circular to Spear shareholders dated 2 July 2024 (the "**Circular**"), comprising the forecast statement of profit or loss and other comprehensive income and the vacancy and lease expiry profile of the property portfolio as a whole (the "**Forecast information**"), as required by paragraph 13.15 of the JSE Limited ("**JSE**") Listings Requirements.

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

Directors' responsibility for the forecast information and for the assumptions used to prepare the forecast information

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

Inherent Limitations

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

Our independence and quality control

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

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance conclusion on the reasonableness of the directors' assumptions

Reporting accountant's responsibility

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

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

procedures performed in response to the assessed risks.

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

Our procedures included evaluating the directors' best-estimate assumptions on which the forecast information is based for reasonableness.

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

Limited assurance conclusion on the reasonableness of the directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the directors' assumptions do not provide a reasonable basis for the preparation and presentation of the forecast information for the period ending 28 February 2025 and the year ending 28 February 2026.

Reasonable assurance engagement on the forecast information

Reporting accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the Forecast information is properly prepared and presented on the basis of the directors' assumptions disclosed in **Annexure 6** of the Circular and in accordance with the JSE Limited Listings Requirements for forecast information. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, The Examination of Prospective Financial Information (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such forecast information is properly prepared and presented on the basis of the directors' assumptions disclosed in **Annexure 6** of the Circular and in accordance with the JSE Limited Listings Requirements for forecast information.

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

Our procedures included:

- Inspecting whether the forecast information is properly prepared on the basis of the assumptions;
- Inspecting whether the forecast information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- Inspecting whether the forecast statement of profit or loss and other comprehensive income is prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

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

Opinion

In our opinion, the forecast information is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Listings Requirements for forecast information for the period ending 28 February 2025 and the year ending 28 February 2026.

Purpose of the report

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

Report on other legal and regulatory requirements

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

Yours faithfully

BDO South Africa Incorporated

Chartered Accountants (SA)

Registered Auditors

per B van der Walt

Chartered Accountant (SA)

Registered Auditor

JSE Reporting Accountant Specialist



SPEAR REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2015/407237/06)

(Approved as a REIT by the JSE)

(Share Code: SEA, ISIN ZAE000228995)

(LEI: 378900F76170CCB33C50)

("Spear" or "the Company")

NOTICE OF GENERAL MEETING

The definitions and interpretations contained in the Circular to which this Notice of General Meeting is attached, shall apply *mutatis mutandis* to this Notice of General Meeting.

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders to be held at Spear REIT Limited Head Office, 16th Floor, 2 Long Street, Cape Town, on **Wednesday, 31 July 2024 at 10:30**, to consider and, if deemed fit, to approve, with or without modification, the ordinary resolution set out in this Notice of General Meeting.

Note:

For an ordinary resolution to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE ACQUISITION

"RESOLVED AS AN ORDINARY RESOLUTION that the Acquisition be and is hereby approved by Shareholders and that the Company be and is hereby authorised to implement and to procure the implementation of the Acquisition on the terms more fully set out in the Acquisition Agreements, the salient terms of which have been included in the Circular."

Reason for and effect of Ordinary Resolution Number 1

In terms of the JSE Listings Requirements, the Acquisition is a category 1 transaction and requires the approval of the Shareholders by way of an ordinary resolution.

The effect of Ordinary Resolution Number 1, if passed by Shareholders, will be that the Company will have the necessary authority in terms of the JSE Listings Requirements to implement, and procure the implementation of, the Acquisition in accordance with its terms.

RECORD DATES, VOTING AND PROXIES

1. The date on which Shareholders must be recorded in the Register for purposes of being entitled to receive this Notice of General Meeting is **Friday, 21 June 2024**.
2. The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting, is **Friday, 26 July 2024** with the last day to trade in order to be entitled to attend and vote at the General Meeting being **Tuesday, 23 July 2024**.
3. In terms of section 63(1) of the Companies Act, General Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly bring a copy of their identity document, passport or driver's licence to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, General Meeting participants should contact the Transfer Secretaries for guidance.
4. Certificated Shareholders and Own-name Dematerialised Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a Shareholder of the Company. A Form of Proxy, which sets out the relevant instructions for its completion, is enclosed for use by such Shareholders who wish to be represented at the General Meeting. Completion of a Form of Proxy will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the Transfer Secretaries of the Company at the address provided on the inside back cover of the Circular to which this Notice of General Meeting is attached by not later than 10:30 on Monday, 29 July 2024, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be handed to the chairman of the General Meeting at any time before the appointed proxy exercises any Shareholder rights at the General Meeting, subject to the Form of Proxy and the proxy's proof of identification being verified before any Shareholder rights are exercised by such proxy.
6. Dematerialised Shareholders, other than Own-name Registered Dematerialised Shareholders, who wish to attend the General Meeting in person, will need to request their CSDP or Broker to provide them with the necessary authority in terms of the Custody Agreement entered into between such Shareholders and the CSDP or Broker.

7. Dematerialised Shareholders, other than Own-name Registered Dematerialised Shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the Custody Agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

ELECTRONIC PARTICIPATION IN THE GENERAL MEETING

1. Shareholders or their proxies may participate in the General Meeting electronically (“**electronic facility**”).
2. Please note that the electronic facility will only allow Shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the electronic facility. Should such Shareholders wish to vote, they must either:
 - 2.1. complete the Form of Proxy and return it to the Transfer Secretaries in accordance with paragraphs 4 and 5 above; or
 - 2.2. contact their CSDP or Broker in accordance with paragraphs 6 and 7 above.
3. Shareholders or their proxies who wish to participate in the General Meeting via the electronic facility must notify the Company by emailing the Company Secretary, René Cheryl Stober, by no later than 10:30 on Monday, 29 July 2024. The Company Secretary will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act and thereafter, if validated, provide further details on using the electronic facility.
4. The Company cannot guarantee there will not be a break in communication which is beyond the control of the Company.
5. The participant acknowledges that the electronic facility is provided by a third party and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic facility, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic facility or any defect in it or from total or partial failure of the electronic facility and connections linking it to the General Meeting.

By order of the Board

Per René Cheryl Stober
Company Secretary
2 July 2024
Cape Town



SPEAR

REIT LIMITED

SPEAR REIT LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 2015/407237/06)
(Approved as a REIT by the JSE)
(Share Code: SEA, ISIN ZAE000228995)
(LEI: 378900F76170CCB33C50)
("Spear" or "the Company")

FORM OF PROXY FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALIZED SHAREHOLDERS ONLY

For use at the general meeting of ordinary shareholders of the Company to be held at Spear REIT Limited Head Office, 16th Floor, 2 Long Street, Cape Town, on **Wednesday, 31 July 2024** at **10:30** ("General Meeting").

I/We, the undersigned (full name in print) _____
of _____ (address)
being the registered holder of _____ ordinary shares hereby appoint:
1. _____ or failing him/her
2. _____ or failing him/her,
3. the chairman of the General Meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the General Meeting for purposes of considering and, if deemed fit, passing with or without modification, the ordinary resolution to be proposed thereat and at each adjournment thereof and to vote for or against the resolution and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

	In favour of	Against	Abstain from voting
Ordinary resolution number 1: Approval of Acquisition			

Please indicate your voting instruction by inserting the number of shares (or a cross should you wish to vote all of your shares) in the space provided.

Signed at _____ on this _____ day of _____ 2024

Signature(s) _____

Assisted by (where applicable) (state capacity and full name) _____

Each Spear shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the Company) to attend, speak and vote in his/her stead at the General Meeting.

Notes

1. A Spear shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the General Meeting". The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Spear Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by the insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if he/she is the authorised proxy, or any other proxy, to vote or to abstain from voting at the General Meeting as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.

3. When there are joint registered holders of any shares, any one of such persons may vote at the General Meeting in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any General Meeting, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned, together with proof of identification and authority to do so (where acting in a representative capacity), to be received by the Transfer Secretaries of the Company, Computershare Investor Services (Pty) Ltd (Private Bag X9000, Saxonwold, 2132/proxy@computershare.co.za), by not later than 10:30 on Monday, 29 July 2024 provided that any form of proxy not delivered to the Transfer Secretaries by this time may be handed to the chairman of the General Meeting at any time before the appointed proxy exercises any shareholder rights at the General Meeting, subject to the form of proxy and the proxy's proof of identification being verified before any shareholder rights are exercised by such proxy.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

Transfer Secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Ave, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)
proxy@computershare.co.za