

SPEAR REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2015/407237/06)

Share code: SEA

ISIN: ZAE000228995

Approved as a REIT by the JSE

("Spear" or "the Company")



SPEAR
REIT LIMITED

SHORT-FORM ANNOUNCEMENT: REVIEWED FINANCIAL RESULTS AND DIVIDEND DECLARATION FOR THE YEAR ENDING 29 FEBRUARY 2020

1. SALIENT FEATURES

Distributions per share increased by 6.06% to 91.66 cents per share, from 86.42 cents per share in the prior corresponding period.

Management has successfully renewed/re-let 113 551m² at a positive reversion of 1.95%.

Net asset value per share increased by 0.49% to 1221 cents per share, from 1215 cents per share in the prior corresponding period.

Portfolio occupancy rate of 97.12% and 100% Western Cape based.

Investment property value increased 9.78% to R4.18 billion, from R3.81 billion in the prior corresponding period.

Loan to Value increased by 2.09% to 39.63%, from 38.82% reported at 28 February 2019.

Revenue increased by 21.27% to R527 million, from R435 million in the prior corresponding period.

Headline earnings per share increased by 12.67% to 99.09 cents per share, from 87.95 cents per share in the prior corresponding period.

Earnings per share decreased by 31.02% to 103.37 cents per share, from 149.86 cents per share in the prior corresponding period.

2. DIVIDEND DECLARATION

The directors resolved to declare a final gross dividend of 47.01759 cents per share from income reserves in respect of the financial year ending 29 February 2020. The dividend amount, net of South African dividend tax of 20%, is 37.61408 cents per share for those shareholders who are not exempt from dividend withholding tax or are not entitled to a reduced rate in terms of the applicable double-tax agreement. The number of ordinary

shares in issue at the declaration date is 205 776 521 and the income tax number of the Company is 9068437236.

The salient dates of the dividend declaration are:

Declaration date	Wednesday, 14 May 2020
Last day to trade cum dividend	Tuesday, 02 June 2020
Trading ex-dividend commences	Wednesday, 03 June 2020
Record date	Friday, 05 June 2020
Date of payment	Monday, 08 June 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 03 June 2020 and Friday, 05 June 2020, both days inclusive.

Tax implications

As Spear is a REIT, the distribution meets the definition of a 'qualifying distribution' for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 (Income Tax Act). Qualifying distributions received by South African tax residents will form part of their gross income in terms of section 10(1)(k)(i)(aa) of the Income Tax Act. Consequently, these distributions are treated as income in the hands of the shareholders and are not subject to dividends withholding tax. The exemption from dividends withholding tax is not applicable to non-resident shareholders, but they may qualify for relief under a tax treaty.

South African tax residents

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exception, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act, because it is a dividend distributed by a REIT. The dividend is exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provide the following forms to the Central Securities Depository Participant ("**CSDP**") or broker in respect of uncertificated shares, or to the company, in respect of certificated shares:

- a) a declaration that the dividend is exempt from dividend tax; and
- b) a written undertaking to inform the CSDP, broker or the company, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

Shareholders are advised to contact their CSDP, broker or the company to arrange for the above-mentioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Non-residents shareholders

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. It should be noted that up to 31 December 2013, dividends received by non-residents from a REIT were not subject to dividend withholding tax. Since 1 January 2014, any dividend received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholder concerned. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 37.61408 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if

the non-resident shareholder has provided the following form to their CSDP or broker in respect of uncertificated shares, or the company, in respect of certificated shares:

- a) a declaration that the dividend is subject to a reduced rate as a result of the application of DTA; and
- b) a written undertaking to inform their CSDP, broker or the company, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

Non-resident shareholders are advised to contact their CSDP, broker or company to arrange for the above-mentioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Holders of uncertificated shares have to ensure that they have verified their residence status with their CSDP or broker. Holders of certificated shares will be asked to complete a declaration to the company.

3. SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the full announcement (“**Full Announcement**”) and does not contain full or complete details. The Full Announcement can be found at:

<https://senspdf.jse.co.za/documents/2020/JSE/ISSE/SEAE/SEAFY20.pdf>

Copies of the Full Announcement is also available for viewing on the Company’s website at <https://spearprop.co.za/pdf/investor-relations/Spear-FY2020-Results.pdf>. In addition, electronic copies of the Full Announcement may be requested and obtained, at no charge, from the Company at info@spearprop.co.za and from PSG Capital.

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement, as a whole.

The Company has based this short-form on the financial results for the year ended 29 February 2020 which have been reviewed by the Company’s auditors, BDO South Africa, who expressed an unmodified review conclusion.

4. RESULTS PRESENTATION

Shareholders are invited to view Spear’s year-end results presentation to be broadcasted on YouTube at 10:00 am SAST on Thursday, 14 May 2020.

Presentation details:

- View and listen mode;
- Link: <https://www.youtube.com/watch?v=htPbIOfvrHQ>
- Presentation slides will be made available on Spear's website shortly before the broadcast of the presentation under investor relations / financial results / presentations, at the following link: <https://spearprop.co.za/investor-relations/>

Questions and Answers facility:

Q&A facility will be available during the presentation;

<https://www.youtube.com/watch?v=-GZtb2sluYY>

- Questions may be e-mailed during the presentation to: info@spearprop.co.za

14 May 2020

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