

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")

DISPOSAL OF 142 BREE STREET PROPERTY

1. INTRODUCTION

Shareholders are hereby advised that the Company, through its wholly-owned subsidiary, Spear Holdco Proprietary Limited ("Seller"), concluded a sale agreement ("the Agreement") with Arctigen Proprietary Limited ("Purchaser"), on or about 12 March 2018. In terms of the Agreement, the Purchaser will acquire the vacant property situated on Erf 142181, Cape Town, more commonly known as 142 Bree Street ("the Property") ("the Disposal").

2. RATIONALE FOR THE DISPOSAL

The management of Spear have elected to dispose of this asset given that the Purchase Consideration was at a substantial premium to the book-value of the Property. This Disposal will provide Spear with the ability to prudently recycle the capital received to fund further strategic and yield accretive acquisitions.

3. PURCHASE CONSIDERATION

- 3.1. In terms of the Agreement, the purchase price for the Property is R150 000 000 (exclusive of VAT) ("Purchase Consideration").
- 3.2. The Purchase Consideration will be settled on the date of transfer of the Property into the name of the Purchaser, ("Transfer Date"), following the fulfilment or, where applicable, waiver of the condition precedent as set out in paragraph 4 below ("Condition Precedent").
- 3.3. In terms of the Agreement, the Purchase Consideration will be settled as follows:
 - 3.3.1. a deposit in an amount of R10 000 000 is payable on signature of the Agreement;
 - 3.3.2. the balance the Purchase Consideration in an amount of R140 000 000 ("Balance") is payable in cash against registration of transfer of the Property into the name of the Purchaser; and
 - 3.3.3. the VAT on the Purchase Consideration in an amount of R22 500 000 is payable approximately 45 days prior to the registration of transfer of the Property.
- 3.4. In respect of the Balance, the Purchaser has furnished the Seller with an acceptable guarantee.

4. CONDITIONS PRECEDENT

The Disposal is subject to the fulfilment or, where applicable, waiver of the Condition Precedent that by no later than 1 June 2018, to the extent that such approval may be required, the Disposal be approved unconditionally by the competition authorities in terms of the Competition Act, No. 89 of 1998 or, in the event of a conditional approval, on terms acceptable to the parties to the Disposal.

5. EFFECTIVE DATE

The Disposal will become effective on the Transfer Date.

6. WARRANTIES AND OTHER TERMS

6.1. The Agreement contains representations and warranties by the Seller in favour of the Purchaser which are standard for a transaction of this nature.

6.2. Subject to such warranties, the Property is sold "voetstoots".

6.3. The Property is sold subject to all conditions of title, restrictions and servitudes registered against the title deed of the Property.

7. APPLICATION OF THE PURCHASE CONSIDERATION

The Purchase Consideration proceeds and cash realised will be used to fund new acquisitions and if applicable reduce portfolio gearing.

8. THE PROPERTY

Details of the Property are as follows:

Property Name and Address	Geographical Location	Sector	Gross Lettable Area (m²)	Weighted Average Gross Rental/m²
142 Bree Street, Cape Town	City of Cape Town	Commercial	2 805	N/A

9. FINANCIAL INFORMATION IN RELATION TO THE PROPERTY

9.1. In terms of the latest published interim report of Spear for the six months ended 31 August 2017, the value of the net assets being disposed of (the Property) amounts to R 73 915 130, while the distributable profit after tax of the Property amounts to R 681 726 for the same period.

9.2. No independent valuation has been carried out and the directors of Spear are of the view that the Purchase Consideration payable

in respect of the Property is considered to be its fair market value. 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.

9.3. The financial information contained in this announcement has not been reviewed or reported on by Spear's auditors.

10. CATEGORISATION

The Disposal constitutes a Category 2 transaction in terms of the JSE Listings Requirements.

Cape Town
13 March 2018

PSG Capital Proprietary Limited
Transaction Advisor and Sponsor