

## **SPEAR REIT LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 2015/407237/06)

Share code: SEA

ISIN: ZAE000228995

LEI: 378900F76170CCB33C50

Approved as a REIT by the JSE

("Spear" or "the Company")



**SPEAR**  
REIT LIMITED

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### **SHORT-FORM ANNOUNCEMENT: UNAUDITED INTERIM RESULTS AND DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 AUGUST 2021**

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#### **1. SALIENT FEATURES**

- Distributable income per share ("**DIPS**") increased by 6.03% to 38.89 cents per share, from 36.68 cents per share in the prior corresponding period;
- Distribution per share increased by 12.68% to 33.06 cents per share (based on a 85% pay-out ratio), from 29.34 cents per share in the prior corresponding period (based on a 80% pay-out ratio);
- Interim collections of 97.33% vs billings as measured at 11 October 2021;
- Management has successfully renewed/re-let 82 018 square metres at a positive reversion of 22.11%. The renewals include the new 15 on Orange hotel lease of 16 179 square metres and when excluded a total reversion of negative 5.78% was achieved;
- Portfolio occupancy rate of 92.79% and 100% Western Cape based;
- Investment property value increased 1.34% to R4.55 billion, from R4.49 billion reported as at 28 February 2021;
- Loan-to-Value increased to 45.91%, from 45.81% reported as at 28 February 2021;
- Renewed R513 million of debt and reduced weighted average cost of debt by 25bps to 7.01% from 7.26% as reported at 28 February 2021; and
- New fixed income lease concluded for 15 on Orange hotel commenced 15 August 2021.
- Spear remains on track to achieve management's guidance set out to the market for FY2022. Management's guidance remains a DPS growth of 6% – 8% for FY2022 based on an 80% pay-out ratio.

## 2. KEY FINANCIAL HIGHLIGHTS

|   | Unaudited six months ended 31 August 2021 | Unaudited six months ended 31 August 2020 | Change % |
|---|---|---|----------|
| Group Revenue (R'000)                   | 286 926                                   | 254 098                                   | 12.92%   |
| Distributable Earnings (R'000)          | 79 305                                    | 73 222                                    | 8.30%    |
| Earnings per share (cents)              | 32.52                                     | (0.58)                                    | >100%    |
| Headline earnings per share (cents)     | 43.10                                     | 39.20                                     | 9.95%    |
| Distributable income per shares (cents) | 38.89                                     | 36.68                                     | 6.03%    |
| Distribution per share (cents)          | 33.06                                     | 29.34                                     | 12.68%   |
| Pay-out ratio                           | 85%                                       | 80%                                       | -        |
| Net asset value per share (cents)       | 1197                                      | 1179                                      | 1.53%    |

## 3. DIVIDEND DECLARATION

The directors resolved to declare a final gross dividend of 33.05922 cents per share from income reserves in respect of the six months ended 31 August 2021. The dividend amount, net of South African dividend tax of 20%, is 26.44738 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 214 615 571 and the income tax number of the Company is 9068437236.

The salient dates of the dividend declaration are:

|                                |                             |
|--------------------------------|-----------------------------|
| Declaration date               | Tuesday, 26 October 2021    |
| Last day to trade cum dividend | Tuesday, 16 November 2021   |
| Trading ex-dividend commences  | Wednesday, 17 November 2021 |
| Record date                    | Friday, 19 November 2021    |
| Date of payment                | Monday, 22 November 2021    |

Share certificates may not be dematerialised or rematerialised between Wednesday, 17 November 2021 and Friday, 19 November 2021, both days inclusive.

In respect of dematerialised shareholders, the distributions will be transferred to the CSDP/broker accounts on Monday 22 November 2021. Certified shareholders' distribution payments will be paid to certified shareholders bank accounts on Monday, 22 November 2021.

### 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 26.44738 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 must 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.

## **4. 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/2021/JSE/ISSE/SEA/SEAHY22.pdf>

Copies of the Full Announcement is also available for viewing on the Company's website at <https://spearprop.co.za/pdf/investor-relations/SEAHY22.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](mailto:info@spearprop.co.za) and from its sponsor, 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 six months ended 31 August 2021 which have not been reviewed or audited by the Company's auditors.

## 5. RESULTS PRESENTATION

Shareholders are invited to view Spear's interim results presentation to be broadcasted on YouTube at 12h00 SAST today, 26 October 2021.

Presentation details:

- View and listen mode;
- Link: <https://youtu.be/W2Ap0hdMvDk>;
- 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 may be e-mailed during the presentation to: [info@spearprop.co.za](mailto:info@spearprop.co.za)

26 October 2021

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