

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

SHORT-FORM ANNOUNCEMENT: REVIEWED FINANCIAL RESULTS AND DIVIDEND DECLARATION FOR THE YEAR ENDED 28 FEBRUARY 2022

1. SALIENT FEATURES

Distributable income per share (“**DIPS**”) increased by 6.29% to 78.00 cents per share, from 73.38 cents per share in the prior corresponding period.

Distribution per share (“**DPS**”) increased by 16.26% to 68.25 cents per share, from 58.70 cents per share in the prior corresponding period.

Final DPS for the six months ending 28 February 2022 increased by 19.87% to 35.19 cents per share from 29.36 cents per share in the prior corresponding period.

Average pay-out ratio for the financial year was 88% of DIPS. 80% in prior corresponding period.

Collections for the financial year is 97.92% vs billings as measured at 21 April 2022.

Management has successfully renewed/re-let 149 275 sqm at an average positive reversion of 10.38%. Excluding hospitality, which had a positive reversion, the balance of the portfolio had an average negative reversion of 5.57%.

Net asset value per share decreased by 1.99% to 1130 cents per share, from 1153 cents per share in the prior corresponding period.

Portfolio occupancy rate of 93.76% and 100% Western Cape based.

Investment property value decreased by 0.41% to R4.48 billion, from R4.50 billion in the prior corresponding period.

Loan-to-Value decreased to 39.05%, from 45.81% reported at 28 February 2021.

Revenue increased by 8.21% to R575 million, from R531 million in the prior corresponding period.

Headline earnings per share increased by 0.67% to 77.21 cents per share, from 76.70 cents per share in the prior corresponding period.

Earnings per share increased by 198.82% to 76.14 cents per share, from 25.48 cents per share in the prior corresponding period.

2. KEY FINANCIAL HIGHLIGHTS

	Reviewed financial year ending 28 February 2022	Audited financial year ending 28 February 2021	Change %
Group Revenue Excl smoothing (R'000)	554 836	498 999	11.19
Distributable Earnings (R'000)	170 975	148 727	14.96
Earnings per share (cents)	76.14	25.48	198.82
Headline earnings per share (cents)	77.21	76.70	0.67
Distributable income per shares (cents)	78.00	73.38	6.29
Distribution per share (cents)	68.25	58.70	16.26
Average pay-out ratio	88	80	N/A
Net asset value per share (cents)	1130	1153	(1.99)

3. DIVIDEND WITH ELECTION TO REINVEST

The directors resolved to declare a final gross dividend of 35.19254 cents per share from income reserves, in respect of the six months ending 28 February 2022, payable to shareholders registered as such at the close of business on Friday, 17 June 2022 ("**Record Date**").

Shareholders will be entitled to elect to reinvest the cash dividend, in return for Spear ordinary shares ("**Shares**") ("**Dividend Reinvestment Alternative**"), failing which, they will receive the cash dividend ("**Cash Dividend**"). Further details regarding the Dividend Reinvestment Alternative will be set out in a circular to shareholders, to be issued on 30 May 2022 ("**Circular**").

The entitlement of shareholders to elect to participate in the Dividend Reinvestment Alternative is subject to the board having the discretion to withdraw the entitlement to elect the Dividend Reinvestment Alternative should market conditions warrant such action. A withdrawal of the entitlement to elect the Dividend Reinvestment Alternative would be communicated to Shareholders before the publication of the finalisation announcement on Friday, 3 June 2022.

By electing the Dividend Reinvestment Alternative, Shareholders will be able to increase their shareholding in Spear without incurring dealing costs. In turn, and in line with Spear's stated strategy to reduce its Loan-to-Value (LTV), the reinvested funds will be deployed to reduce existing debt.

Please see below the salient dates and times relating to the Cash Dividend and Dividend Reinvestment Alternative:

The salient dates and times:

2022

Record Date to determine which Shareholders are entitled to receive the Circular	Friday, 20 May
Declaration Date	Thursday, 26 May
Circular and form of election posted to Shareholders	Monday, 30 May
Finalisation announcement containing the Dividend Reinvestment Alternative issue price, ratio and finalisation information on SENS	Friday, 3 June
Last day to trade cum Dividend Reinvestment Alternative and Cash Dividend	Monday, 13 June
Trading commences ex Dividend Reinvestment Alternative and Cash Dividend	Tuesday, 14 June
Public Holiday	Thursday, 16 June
Listing of maximum possible number of Shares to be issued under the Dividend Reinvestment Alternative	Friday, 17 June
Last day to elect to receive the Dividend Reinvestment Alternative by 12:00pm (South African time) on	Friday, 17 June
Record Date	Friday, 17 June
Electronic payment and CSDP/broker accounts updated in respect of Cash Dividend on	Monday, 20 June
Announcement of the results of the Dividend Reinvestment Alternative and Cash Dividend on SENS	Monday, 20 June
Share certificates posted and CSDP/broker accounts updated in respect of the Dividend Reinvestment Alternative on	Wednesday, 22 June
Adjustment of number of new Shares listed on or about	Friday, 24 June

Notes:

1. Shareholders electing the Dividend Reinvestment Alternative should note that settlement of the Shares will occur three business days after the Record Date, which differs from the conventional one business day after the Record Date settlement process.
2. Share certificates may not be dematerialised or rematerialised between Tuesday, 14 June 2022 and Friday, 17 June 2022, both days inclusive.
3. The above dates and times are subject to change. Any changes will be announced on SENS.
4. All times quoted in this announcement are South African times.

Tax implications

In accordance with Spear's status as a Real Estate Investment Trust ("**REIT**"), shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962, as amended ("**Income Tax Act**").

South African tax residents

Qualifying distributions received by shareholders who are South African tax residents must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the shareholder. These qualifying distributions are, however, exempt from dividend withholding tax ("**DWT**") in the hands of South African tax resident shareholders, provided that the South African resident shareholders have provided the following forms to their Central Securities Depository Participant ("**CSDP**") or broker, as the case may be, in respect of uncertificated Shares, or to Spear's transfer secretaries ("**Transfer Secretaries**"), in respect of certificated Shares:

- a declaration that the distribution is exempt from DWT; and
- a written undertaking to inform the CSDP, broker or the Transfer Secretaries, as the case may be, should the distribution cease to be exempt from DWT,

both in the form prescribed by the Commissioner for the South African Revenue Service ("**SARS**") and shareholders are accordingly advised to contact their CSDP or broker or the Transfer Secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

Non-residents shareholders

Qualifying distributions received by non-resident shareholders will not be taxable as income and will instead be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any qualifying distribution received by a non-resident from a REIT will be subject to DWT at a rate of 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. Assuming DWT will be withheld at a rate of 20%, the net amount due to non-resident shareholders will be 28.15403 cents per Share. A reduced DWT rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of the uncertificated Shares, or to the Transfer Secretaries, in respect of certificated Shares:

- a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- a written undertaking to inform their CSDP, broker or the Transfer Secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner,

both in the form prescribed by SARS. Non-resident shareholders are advised to contact their CSDP or broker or the Transfer Secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable.

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.

Further information

Fractions

Trading in the electronic Strate environment does not permit fractions and fractional entitlements in respect of Shares. Accordingly, should a shareholder's reinvestment in new Shares, calculated in accordance with the ratio to be announced in the finalisation announcement, give rise to a fraction of a new Share, such fraction will be rounded down to the nearest whole number, resulting in the allocation of whole Shares and a payment to the shareholder in respect of the remaining cash amount due to that shareholder under the dividend. Certificated shareholders whose bank account details are not held by the Transfer Secretaries, are requested to provide such details to the Transfer Secretaries to enable payment of the fraction due to the shareholder in respect of the Dividend Reinvestment Alternative. Should no details be on record, the funds will be held by the Company until such time as the details have been provided and the cash fraction will be paid to the shareholder upon its request.

Foreign shareholders

The distribution of the Circular and/or accompanying documents and the right to elect the Dividend Reinvestment Alternative in jurisdictions other than South Africa may be restricted by law and a failure to comply with any of these restrictions may constitute a violation of the securities laws of any such jurisdictions. The Shares have not been and will not be registered for the purposes of the election under the securities laws of the United Kingdom, European Economic Area or EEA, Canada, United States of America, Japan or Australia and accordingly are not being offered, sold, taken-up, re-sold or delivered directly or indirectly to recipients with registered addresses in such jurisdictions.

The number of ordinary Shares in issue at the declaration date is 244 846 390 and the income tax number of the Company is 9068437236.

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/2022/JSE/ISSE/SEAE/SEAFY22.pdf>

A copy of the Full Announcement is also available for viewing on the Company's website at <https://spearprop.co.za/pdf/investor-relations/SEAFY22.pdf> or may be requested in person (subject to Covid-19 regulations) at the Company's registered office or the office of the sponsor, at no charge, during office hours. In addition, an electronic copy 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 28 February 2022 which have been reviewed by the Company's auditors, BDO South Africa, who expressed an unmodified review conclusion thereon.

5. RESULTS PRESENTATION

Spear will be hosting a virtual presentation at 11h00 SAST on Thursday, 26 May 2022 to present the full year results for the year ended 28 February 2022 to investors.

Presentation details:

- View and listen mode
- Link: <https://youtu.be/CvkpN94Hn24>
- 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

Cape Town
26 May 2022

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