

BROAD BASED BEE RATING

Final Report

Submitted to

Spear REIT Limited

| | |
|-------------------------|-----------------------------|
| Registration Number | 2015/407237/06 |
| VAT Number | 4840278420 |
| BBBEE Status | Non-Compliant Contributor |
| BBBEE Recognition Level | 0% |
| Empowering Supplier | Yes |
| Validity Period | 22 June 2021 – 21 June 2022 |
| Client Unique Number | HR_GEN_2416_21 |



Verification Manager
Honeycomb BEE Ratings



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1. INTRODUCTION

In March 2021, Spear REIT Limited commissioned Honeycomb to conduct a BBBEE verification of the organization. Honeycomb's mandate was to assess, verify and validate both disclosed and undisclosed BBBEE-related information of Spear REIT Limited. The BBBEE rating has been based on the Amended Property Sector Code released by the DTIC in May 2017.

Spear REIT Limited is a broad-based entity and is therefore measured on all of the seven elements of the Amended Property Sector Code – ownership, management control, employment equity, skills development, enterprise and supplier development, socio-economic development and economic development.

In conducting the verification, a comprehensive methodology was followed. Honeycomb followed a rigorous verification process that is aligned to best practice verification standards, the Amended Property Sector Code and the quality standards of South African National Accreditation System (SANAS). Data and information relating to the elements of the Scorecard was obtained, interviews with senior management, and personnel of Spear REIT Limited were conducted as well as the verification of supporting documentation provided to Honeycomb.

All the information utilised for the verification was obtained from Spear REIT Limited and the conclusions reached are based on this information. Based on the information provided and subject to the terms of the verification engagement Honeycomb is of the opinion that the rating reflected herein is accurate and reflects the true BBBEE status of Spear REIT Limited.

The on-site verification was conducted on the 10th June 2021 by Bianca Naidoo.

2. SPEAR REIT LIMITED DETAILED SCORECARD

| Component Indicator | Notes | Indicator Weightings | Indicator Target | Verified Level | Score |
|--|------------|----------------------|------------------|----------------|--------------|
| Ownership | 3.1 | | | | 18.24 |
| Exercisable Voting rights in the enterprise in the hands of black People | | 4 | 27% | 18.21% | 2.70 |
| Exercisable Voting rights in the enterprise in the hands of black Women | | 2 | 10% | 8.62% | 1.72 |
| Economic interest of black people in the enterprise | | 4 | 27% | 18.21% | 2.70 |
| Economic interest of black women in the enterprise | | 2 | 10% | 8.62% | 1.72 |
| Economic interest of black designated groups, ESOPS, BBOS and Co-Ops | | 4 | 2.5% | 8.28% | 4.00 |
| Black New Entrants | | 2 | 2% | 0.00% | 0.00 |
| Net value | | 8 | Formula | Formula | 5.40 |
| Financial support to Black owned and controlled companies with at least 51% black ownership (level1-3) measured as a % of development/redevelopment spend on properties not currently owned by the measured entity | | 4 | 1% | 0.00% | 0.00 |
| Bonus Points: Disposal of assets to Black owned and controlled company with at least 51% Black ownership (level1-3) as a % of total asset disposal | | 3 | 35% | 0.00% | 0.00 |
| Management and Control | 3.2 | | | | 1.78 |
| Exercisable voting rights of black board members as a percentage of all board members | | 2 | 50% | 33.33% | 1.33 |
| Exercisable voting rights of black female board members as a percentage of all board members | | 1 | 25% | 11.11% | 0.44 |
| Black executive directors as a percentage of all executive directors | | 2 | 50% | 0.00% | 0.00 |
| Black female executive directors as a percentage of all executive directors | | 1 | 25% | 0.00% | 0.00 |
| Black other executive management as a percentage of all executive management | | 2 | 60% | 0.00% | 0.00 |
| Black female other executive management as a percentage of all executive management | | 1 | 30% | 0.00% | 0.00 |
| Bonus Points: Black executive directors as a percentage of all executive directors | | 1 | 70% | 0.00% | 0.00 |
| Bonus Points: Black female executive directors as a percentage of all executive directors | | 1 | 35% | 0.00% | 0.00 |

| | | | | | |
|--|------------|-----|------|--------|-------------|
| Employment Equity | 3.3 | | | | 1.31 |
| Black employees in senior management as a percentage of all senior management | | 4 | 60% | 0.00% | 0.00 |
| Black female employees in senior management as a percentage of all senior management | | 2 | 30% | 0.00% | 0.00 |
| Black employees in middle management as a percentage of all middle management | | 3 | 75% | 3.61% | 0.14 |
| Black female employees in middle management as a percentage of all middle management | | 1 | 38% | 4.02% | 0.11 |
| Black employees in junior management as a percentage of all junior management | | 1 | 88% | 5.11% | 0.06 |
| Black female employees in junior management as a percentage of all junior management | | 1 | 44% | 0.00% | 0.00 |
| Black employees with disabilities as a percentage of all employees | | 1 | 2% | 3.85% | 1.00 |
| Bonus Points: Black employees in senior management as a percentage of all senior management | | 1 | 70% | 0.00% | 0.00 |
| Bonus Points: Black female employees in senior management as a percentage of all senior management | | 1 | 40% | 0.00% | 0.00 |
| Bonus Points: Black employees in middle management as a percentage of all middle management | | 0.5 | 85% | 25.00% | 0,00 |
| Bonus Points: Black female employees in middle management as a percentage of all middle management | | 0.5 | 50% | 25.00% | 0,00 |
| Skills Development | 3.4 | | | | 0.33 |
| Skills development expenditure on learning programmes specified in the learning programme matrix for black people as a percentage of leviable amount | | 8 | 5% | 0.21% | 0.33 |
| Skills development expenditure on learning programmes specified in the learning programme matrix for black employees with disabilities as a percentage of leviable amount. | | 3 | 0.3% | 0.00% | 0.00 |
| Number of black people participating in learnerships and internships as a percentage of total employees | | 4 | 2.5% | 0.00% | 0.00 |
| Number of black unemployed people participating in learnerships and internships as a percentage of total employees | | 4 | 2.5% | 0.00% | 0.00 |
| Bonus Points: Number of black people absorbed by the Measured and Industry Entity at the end of the Learnerships and Internships programme | | 3 | 100% | 0.00% | 0.00 |

| Enterprise and Supplier Development | 3.5 | | | | 6.43 |
|--|------------|----|------------|--------|-------------|
| B-BBEE procurement spend from all empowering suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend | | 2 | 80% | 26.36% | 0.66 |
| B-BBEE procurement spend from all empowering suppliers that are qualifying small enterprises based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend | | 2 | 15% | 0.27% | 0.04 |
| B-BBEE procurement spend from all exempted micro-enterprises based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend | | 2 | 15% | 0.61% | 0.08 |
| B-BBEE procurement spend from empowering suppliers that are at least 51% black owned based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend | | 8 | 40% | 13.61% | 2.72 |
| B-BBEE procurements spend from empowering suppliers that are at least 30% black women owned based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend | | 4 | 12% | 0.36% | 0.12 |
| Percentage of procurement spend with Black owned Property Service enterprises (level 1-3) as a percentage of the total property services spend | | 6 | 40% | 17.57% | 2.64 |
| Annual value of all supplier development contributions made by the measured entity as a percentage of the target | | 10 | 2% of NPAT | 0.00% | 0.00 |
| Annual value of enterprise development contributions and sector specific programmes made by the measured entity as a percentage of the target | | 5 | 1% of NPAT | 0.00% | 0.00 |
| Bonus Points: BEE Procurement Spent from designated group suppliers that are at least 51% Black Owned | | 2 | 2% | 0.17% | 0.17 |
| Bonus point: for graduation of one or more enterprise development beneficiaries to graduate to the supplier development level | | 1 | Yes/No | No | 0.00 |
| Bonus point: for creating one or more jobs directly as a result of supplier development and enterprise development initiatives by the measured entity | | 1 | Yes/No | No | 0.00 |

| | | | | | |
|---|------------|----------|-------------------|----------------------------------|--------------|
| Socio Economic Development | 3.6 | | | | 0.00 |
| Average annual value of all socio economic development contributions by the measured entity as a percentage of the target | | 2 | 1% of NPAT | 0.00% | 0.00 |
| Economic Development | 3.7 | | | | 0.00 |
| Economic Development Investment in under-resourced areas | | 5 | 10% | 0.00% | 0.00 |
| Total | | | | | 28.08 |
| Contribution Status | | | | Non-Compliant Contributor | |

3. BEE INDICATORS OF EMPOWERMENT

3.1. **CODE 100: OWNERSHIP** (30 POINTS PLUS 3 BONUS)

- Black exercisable voting rights that flow through to Spear REIT Limited is 18.21%. The percentage of black exercisable voting rights by black women is 8.62%.
- Black entitlement to economic interest that flows through to Spear REIT Limited is 18.21%.
- The percentage of entitlement to economic interest by black women is 8.62%.
- The company has 8.28% of economic interest that flows through to black designated groups, Employee Share Ownership Programmes, Broad-Based Ownership Schemes and Co-Operatives.
- Spear REIT Limited has 0.00% involvement in ownership of the Enterprise by black new entrants.
- The 40% subminimum target for Net Value was achieved.
- The Contribution to Financial Support for Black Owned businesses between level 1 and level 3 was R0.00.
- Spear REIT Limited did not sell assets during the last 5 years to Black Owned business with a BEE Status between Level 1 and Level 3.

3.2. **CODE 200A: MANAGEMENT CONTROL (9 POINTS + 2 BONUS POINTS)**

A. **Board Participation**

| Name | Race | Gender | Executive/Non-Executive |
|------------------------------|-------------|---------------|--------------------------------|
| 1. Abubaker Varachhia | I | M | Non-Executive |
| 2. Michael Flax | W | M | Non-Executive |
| 3. Jalaloodien Allie | I | M | Non-Executive |
| 4. Niclas Kjellstrom Matseke | W | M | Non-Executive |
| 5. Brian Goldberg | W | M | Non-Executive |
| 6. Rozette Phillips | C | F | Non-Executive |
| 7. S Mccarthy | W | M | Non-Executive |
| 8. Quintin Rossi | W | M | Executive |
| 9. Christiaan Barnard | W | M | Executive |

- The total number of Directors is 9.
- Spear REIT Limited has 3 Black Board Members.
- The company has 1 Black Female Board Member.
- Voting rights in the hands of Black Board Members is 33.33%.
- Voting Right in the hands of Black Female Board Member is 11.11%

B. **Executive Directors**

| Name | Race | Gender | Designation |
|-----------------------|-------------|---------------|--------------------|
| 1. Quintin Rossi | W | M | Executive |
| 2. Christiaan Barnard | W | M | Executive |

- There are 2 Executive Directors.
- The company has 0 Black Executive Directors.
- The company has 0 Black Woman Executive Directors.
- Black Executive Directors are thus 0.00%.
- Black Woman Executive Managers are thus 0.00%

C. **Executive Management**

| Name | Race | Gender | Designation |
|---------------------|-------------|---------------|--------------------|
| 1. Clifford Toerien | W | M | Executive Manager |
| 2. Kim Karg | W | F | Executive Manager |

- There are 2 Executive Managers at this level.
- The company has 0 Black Executive Managers at this level.
- There are 0 Black Female Executive Managers.
- Black Executive Management thus makes up 0.00%.
- Black Woman Executive Managers are thus 0.00%

3.3. **CODE 200B: EMPLOYMENT EQUITY (13 POINTS + 3 BONUS POINTS)**

Breakdown of Employees

| Occupational Level | AM | CM | IM | AF | CF | IF | W |
|--------------------|----|----|----|----|----|----|---|
| Senior Management | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| Middle Management | 0 | 0 | 0 | 0 | 1 | 0 | 3 |
| Junior Management | 0 | 2 | 0 | 0 | 0 | 0 | 2 |

Total disabled black people was 1 out of a total of 26 employees. This is 3.85% of the total employees

3.4. **CODE 300: SKILLS DEVELOPMENT (19 POINTS PLUS 3 BONUS POINTS)**

| SKILLS DEVELOPMENT: | 40% Subminimum Not Achieved |
|---------------------------------------|-----------------------------|
| Skills Development Plan submitted to: | Services SETA |
| Period Chosen: | Financial Period |
| Leviable Amount | R13 094 325.00 |

| | AM | CM | IM | AF | CF | IF |
|---|-------|-------|-------|-------|---------|-------|
| Skills Development Expenditure | R0.00 | R0.00 | R0.00 | R0.00 | R33 136 | R0.00 |
| Disabled Skills Development Expenditure | R0.00 | R0.00 | R0.00 | R0.00 | R0.00 | R0.00 |
| Black people on learnerships | 0 | 0 | 0 | 0 | 0 | 0 |
| Black Unemployed Learnerships | 0 | 0 | 0 | 0 | 0 | 0 |

No Black employees were absorbed into the company and there were no unemployed people on learnership programmes.

3.5. CODE 400: ENTERPRISE AND SUPPLIER DEVELOPMENT (39 POINTS PLUS 4 BONUS POINTS)

| | |
|--|------------------------------------|
| ENTERPRISE AND SUPPLIER Preferential Procurement: | 40% Subminimum Achieved |
| Financial Period: | 1 March 2020 – 28 February 2021 |
| Total Measured Spend | R274 121 000.00 |
| BBBEE Procurement Expenditure: All Suppliers | R72 265 628.00 |
| BBBEE Procurement Expenditure: Qualifying Small Enterprises | R744 863.00 |
| BBBEE Procurement Expenditure: Exempt Micro Enterprises | R1 668 346.00 |
| BBBEE Procurement Expenditure: Suppliers that are greater than or equal to 51% Black Owned | R37 317 493.00 |
| BBBEE Procurement Expenditure: Suppliers that are greater than or equal to 30% Black Women Owned | R983 869.00 |
| BBBEE Procurement Expenditure: Suppliers with (Level 1-3) Black Owned Property Service Enterprises | R37 317 493.00 |
| Bonus Points: BBBEE procurement spend from 51% black owned designated group suppliers | R472 699.00 |
| Supplier Development | 40% Subminimum Achieved |
| NPAT Used | R56 984 000.00 |
| Supplier Development Contributions | R0.00 |
| Enterprise Development | 40% Subminimum Achieved |
| Enterprise Development Contributions | R0.00 |
| Bonus Points | |
| Graduation from Enterprise Development Beneficiary to Supplier Development Beneficiary | No |
| Job Creation through ED or SD initiatives | No |

3.6. CODE 500: SOCIO-ECONOMIC DEVELOPMENT ELEMENT (2 POINTS)

- The target for this element is 1% of the Net Profit after Tax
This amounted to R56 984 000.
- The total recognized contributions for Socio-Economic Development during the financial year ending February 2021 amounted to R0.00.

3.7. CODE 600: ECONOMIC DEVELOPMENT ELEMENT (5 POINTS)

- Spear REIT Limited has spent R0.00 on developments during the financial periods 1 March 2016 – 28 February 2021.

4. CONCLUSION

- Spear REIT Limited achieved a BEE score of 28.08 Points.
- Based on this score, Spear REIT Limited is a Non-Compliant Contributor.
- Accordingly, Spear REIT Limited received a BEE Recognition Level of 0%.

| B-BBEE Status | Qualification | B-BBEE Recognition Level |
|---------------------------|--|--------------------------|
| Level One Contributor | ≥100 points on the Generic Scorecard | 135% |
| Level Two Contributor | ≥95 but <100 points on the Generic Scorecard | 125% |
| Level Three Contributor | ≥90 but <95 points on the Generic Scorecard | 110% |
| Level Four Contributor | ≥80 but <90 points on the Generic Scorecard | 100% |
| Level Five Contributor | ≥75 but <80 points on the Generic Scorecard | 80% |
| Level Six Contributor | ≥70 but <75 points on the Generic Scorecard | 60% |
| Level Seven Contributor | ≥55 but <70 points on the Generic Scorecard | 50% |
| Level Eight Contributor | ≥40 but <55 points on the Generic Scorecard | 10% |
| Non-Compliant Contributor | <40 points on the Generic Scorecard | 0% |