
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply mutatis mutandis throughout this Circular including the cover page.

ACTION REQUIRED

Shareholders are referred to page 2 of this Circular, which sets out the action required of them with regard to the General Meeting. If you are in any doubt as to the action that you should take, please consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.

If you have disposed of all of your Shares, this Circular and the Form of Instruction should be forwarded to the purchaser to whom, or the CSDP, Broker or agent through whom, you disposed of your Shares.



SPEAR
REIT LIMITED

SPEAR REIT LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2015/407237/06)
(Approved as a REIT by the JSE)
(Share Code: SEA, ISIN ZAE000228995)
("Spear")

CIRCULAR TO SHAREHOLDERS

RELATING TO:

- the adoption of the Conditional Share Plan;

AND INCORPORATING:

- a Notice of General Meeting; and
- a Form of Proxy (*grey*) for purposes of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders who have selected Own-name Registration only).

Sponsor and Transaction Advisor



PSG CAPITAL

Date of issue: Friday, 8 December 2017

Copies of this Circular are available in English only and may be obtained during normal business hours from the registered office of Spear and from the offices of PSG Capital, whose addresses are set out in the "Corporate Information" section of this Circular from Friday, 8 December 2017 until Friday, 26 January 2018 (both days inclusive). A copy of this Circular will also be available on Spear's website (www.spearprop.co.za).

CORPORATE INFORMATION

Directors of Spear

Abubaker Varachhia* (*Chairman*)
Michael Naftali Flax (*Chief executive officer*)
Quintin Michael Rossi (*Managing Director*)
Christiaan Barnard (*Financial Director*)
Brian Leon Goldberg**
Jalaloodien Ebrahim Allie** (*Lead independent Director*)
Niclas Kjellström-Matseke**
Cormack Sean McCarthy*

* *Non-executive*

Independent

Date of incorporation

18 November 2015

Place of incorporation

South Africa

Registered office

5th Floor
Double Tree by Hilton Cape Town at the Upper Eastside
31 Brickfield Road
Woodstock
Cape Town, 8010
(PO Box 50, Observatory, 7935)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

Sponsor and Transaction Adviser

PSG Capital Proprietary Limited
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

and at

2nd Floor
11 Alice Lane (Bowmans Building)
Sandhurst
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Company Secretary

Rene Cheryl Stober
5th Floor
Double Tree by Hilton Cape Town at the Upper Eastside
31 Brickfield Road
Woodstock
Cape Town, 8010
(PO Box 50, Observatory, 7935)

Auditors

Grant Thornton Cape
6th Floor, 123 Hertzog Boulevard
Foreshore
Cape Town, 8001
(PO Box 2275, Cape Town, 8000)

CONTENT

	Page
CORPORATE INFORMATION	inside front cover
ACTION REQUIRED	2
SALIENT TIMES AND DATES	3
DEFINITIONS AND INTERPRETATIONS	4
CIRCULAR TO SHAREHOLDERS	7
1. Introduction and purpose of the Circular	7
2. Rationale for the Conditional Share Plan	7
3. Summary of the Conditional Share Plan	8
4. Replacement of the Existing Share Incentive Scheme	10
5. General Meeting	10
6. Experts' consents	10
7. Responsibility statement	11
8. Documents available for inspection	11
Notice of General Meeting	12
Form of Proxy (<i>grey</i>) for purposes of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders who have selected Own-name Registration only)	Enclosed

ACTION REQUIRED

The definitions and interpretations commencing on page 4 of this Circular apply to this section.

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your Shares in Spear, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.

The General Meeting will be held at 11:00 on Friday, 26 January 2018 at Double Tree by Hilton Cape Town at the Upper Eastside, 31 Brickfield Road, Woodstock, Cape Town, at which General Meeting Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in the Notice of General Meeting attached to this Circular.

1. DEMATERIALISED SHAREHOLDERS WHO ARE NOT OWN-NAME DEMATERIALISED SHAREHOLDERS

1.1 Voting at the General Meeting

- 1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.
- 1.1.2 If your Broker or CSDP has not contacted you, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.
- 1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.
- 1.1.4 **You must not complete the attached Form of Proxy (grey).**

1.2 Attendance and representation at the General Meeting

- 1.2.1 In accordance with the custody agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:
 - 1.2.1.1 attend, speak and vote at the General Meeting; or
 - 1.2.1.2 send a proxy to represent you at the General Meeting.
- 1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting.

2. CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WHO ARE OWN-NAME DEMATERIALISED SHAREHOLDERS

2.1 Voting and attendance at the General Meeting

- 2.1.1 You may attend the General Meeting in person and may vote at the General Meeting.
- 2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (grey) in accordance with the instructions contained therein and lodging, posting or e-mailing it to the Transfer Secretaries or the Company Secretary at the addresses set out below, to be received by them, for administrative purposes, by no later than 11:00 on Wednesday, 24 January 2018 or thereafter by handing such form to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at such General Meeting.

Company Secretary

Rene Cheryl Stober
5th Floor
Double Tree by Hilton Cape Town at the Upper Eastside
31 Brickfield Road
Woodstock
Cape Town, 8010
(PO Box 50, Observatory, 7935)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown 2107)
proxy@computershare.co.za

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this Circular apply to these salient dates and times.

2017

Notice record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to receive notice of the General Meeting on	Friday, 1 December
Announcement of distribution of Circular and notice convening the General Meeting released on SENS on	Friday, 8 December
Circular incorporating the Notice of General Meeting and Form of Proxy (<i>grey</i>), distributed to Shareholders on	Friday, 8 December

2018

Last day to trade Shares in order to be recorded in the Register to vote at the General Meeting (see note 3 below) on	Tuesday, 16 January
General Meeting record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 19 January
For administrative reasons, Forms of Proxy (<i>grey</i>) in respect of the General Meeting to be lodged at or received via post or e-mail by the Transfer Secretaries or Company Secretary by no later than 11:00 on	Wednesday, 24 January
Form of Proxy (<i>grey</i>) in respect of the General Meeting to be handed to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at the General Meeting on	Friday, 26 January
General Meeting held at 11:00 on	Friday, 26 January
Results of the General Meeting published on SENS on	Friday, 26 January
Results of the General Meeting published in the South African press on	Monday, 29 January

Notes:

1. All dates and times indicated above are South African Standard Time.
2. The above dates and times are subject to amendment at the discretion of Spear. Any such amendment will be released on SENS and published in the South African press.
3. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three business days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 16 January 2018 will not be eligible to attend, participate in and vote at the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular and annexures hereto, unless the context indicates otherwise, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

“Award”	an award of a specified number of Performance Shares and/or Restricted Shares, or a combination of both, to a Participant on the basis that the Participant may forfeit the award of Performance Shares and/or Restricted Shares, or part thereof, in the circumstances set out in the Award Letter and the Conditional Share Plan Rules, and “Awarded” will bear a similar meaning;
“Award Date”	the date, specified in the Award Letter, on which an Award is made to an Employee, being a date not earlier than the date on which the Remuneration Committee resolved to make such Award to the Employee, irrespective of the date on which the Award is actually accepted by the Employee;
“Award Letter”	a letter containing the information specified in the Conditional Share Plan Rules, sent by Spear, or its nominee, on the recommendation of the Employer Company, to an Employee informing the Employee of the Award to him/her;
“Board” or “Directors”	the board of directors of Spear, from time to time;
“Broker”	a “stockbroker” as defined in the Financial Markets Act, or its nominee;
“Capitalisation Issue”	a capitalisation issue as contemplated in section 47 of the Companies Act;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Shares that have not been Dematerialised, title to which is evidenced by a share certificate or other Document of Title;
“Change of Control”	where a person (or persons acting together in concert), who did not have Control of Spear, through a transaction, or series of transactions, acquires Control of Spear;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended;
“Company Performance Targets”	performance targets, set by the Remuneration Committee, relating to, <i>inter alia</i> , distribution growth, net asset value growth of the Company or such other relevant criteria over the Performance Period;
“Company Secretary”	the secretary of Spear as appointed in terms of the Companies Act from time to time;
“Conditional Share Plan”	the Spear REIT Limited Conditional Share Plan constituted by the Conditional Share Plan Rules, as amended from time to time;
“Conditional Share Plan Rules”	the rules governing the Conditional Share Plan, a copy of which is available for inspection, as indicated in paragraph 8 of this Circular;
“Conditional Shares”	conditional rights to Shares on the Vesting Date, comprising of Performance Shares and/or Restricted Shares, the Vesting of which is subject to fulfilment of the Employment Condition and/or Performance Conditions as specified in the Award Letter;
“Control”	<ul style="list-style-type: none">(i) the holding of Shares or the aggregate of holdings of Shares or other securities in Spear entitling the holder thereof to exercise, or cause to be exercised, more than the 50% of the voting rights at Shareholder meetings of Spear, irrespective of whether such holding or holdings confers de facto control; or(ii) the holding or control by a Shareholder alone or pursuant to an agreement with other Shareholders of more than 50% of the voting rights in Spear; or(iii) the entitlement, direct or indirect, to appoint a majority of Directors to the Board of Spear, or to appoint or remove Directors having a majority of the votes exercisable at meetings of the Board of Spear;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a Dematerialised share account;
“Custody Agreement”	a custody mandate agreement between a person and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on Spear’s uncertificated securities register administered by a CSDP or Broker on behalf of that person;

“Dematerialise” or “Dematerialised” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in Spear’s uncertificated securities register administered by a CSDP;
“Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Shares in question, acceptable to the Board;
“Employee”	any person holding permanent salaried employment or office with any Employer Company, excluding any non-executive director of any Group Company;
“Employer Company”	a Group Company which employs an Employee;
“Employment Condition”	the condition of continued employment with the Group for the duration of the Employment Period, as specified in the Award Letter;
“Employment Period”	unless otherwise provided in the Conditional Share Plan Rules, the period of four years, commencing on the Award Date, during which the Participant is required to fulfil the Employment Condition, provided that the Employment Period in relation to an Employment Condition which applies to the first tranche of Conditional Shares Awarded in terms of these Rules will be three years and four month;
“Existing Share Incentive Scheme”	the existing share incentive scheme operated under and in terms of the trust deed for the Spear REIT Limited Share Purchase and Option Scheme Trust, which was approved and adopted prior to the listing of Spear on the JSE;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012;
“Form of Proxy”	for purposes of the General Meeting, the form of proxy (<i>grey</i>) for use only by Certificated Shareholders and Own-name Registered Dematerialised Shareholders;
“General Meeting”	the general meeting of Shareholders to be held at 11:00 on Friday, 26 January 2018 at Double Tree by Hilton Cape Town at the Upper Eastside, 31 Brickfield Road, Woodstock, Cape Town, convened in terms of the Notice of General Meeting enclosed and forming part of this Circular, together with any reconvened general meeting held as a result of the adjournment or postponement of that general meeting;
“Group”	(i) Spear; (ii) its Subsidiaries from time to time; and (iii) the Service Provider;
“Group Company”	any company forming part of the Group;
“JSE”	the exchange, licensed under the Financial Markets Act, operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
“JSE Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being Friday, 1 December 2017;
“Notice of General Meeting”	the notice of the General Meeting of Shareholders, forming part of this Circular;
“Own-name Registration” or “Own-name Registered”	Shareholders who hold Shares that have been Dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
“Participant”	an Employee to whom an Award has been made in terms of the Conditional Share Plan and who has Accepted such Award, including the executor or representative of the Employee’s deceased estate;
“Participant KPI”	personal and strategic key performance objectives, set by the Remuneration Committee, over the Performance Period;
“Performance Condition”	conditions of Vesting of an Award of Performance Shares, comprising of Company Performance Targets and Participant KPIs, as set out in the Award Letter;

“Performance Period”	unless otherwise provided in the Conditional Share Plan Rules, the period of four years, in respect of which Performance Conditions are to be satisfied, as stated in the Award Letter, provided that the Performance Period in relation to Performance Conditions which apply to the first tranche of Conditional Shares Awarded in terms of these Rules will be three years and four months;
“Performance Shares”	Conditional Shares Awarded, the Vesting of which is subject to the fulfilment of the Employment Condition and Performance Conditions, as specified in the Award Letter;
“PSG Capital” or “Sponsor”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Circular;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“REIT”	a public company listed on the JSE as a real estate investment trust;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
“Remuneration Committee”	the Remuneration Committee of the Board, the members of which do not hold any executive office within the Group;
“Restricted Shares”	Conditional Shares Awarded, the Vesting of which is subject to the fulfilment of the Employment Condition;
“Rights Offer”	the offer of any securities of Spear to all Shareholders pro rata to their holdings at the relevant record date;
“SENS”	the Stock Exchange News Service of the JSE;
“Service Provider”	Multi Rooms Management Proprietary Limited (Registration Number 2016/363852/07), which is the appointed hotel operator of the Company;
“Settlement”	delivery to a Participant of the required number of Shares in accordance with the Settlement methods stipulated in the Conditional Share Plan Rules and summarised in paragraph 3.6 of this Circular and the words “Settle” and “Settled” will bear a corresponding meaning;
“Shareholders”	registered holders of Shares;
“Shares”	ordinary no par value shares in Spear’s share capital;
“South Africa”	the Republic of South Africa;
“Spear”	Spear REIT Limited (registration number 2015/407237/06), a public company incorporated under the laws of South Africa;
“Subsidiary”	a “subsidiary” as defined in the JSE Listings Requirements;
“Strate”	Strate Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa;
“Vest”	the Conditional Shares of a Participant no longer being subject to any restrictions or potential forfeiture as determined in accordance with the Conditional Share Plan Rules and “Vesting” and “Vested” will be construed accordingly; and
“Vesting Date”	the date on which Vesting occurs.



SPEAR

REIT LIMITED

SPEAR REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2015/407237/06)

(Approved as a REIT by the JSE)

(Share Code: SEA, ISIN ZAE000228995)

("Spear")

Directors

Abubaker Varachhia* (*Chairman*)

Michael Naftali Flax (*Chief executive officer*)

Quintin Michael Rossi (*Managing Director*)

Christiaan Barnard (*Financial Director*)

Brian Leon Goldberg[#]

Jalaloodien Ebrahim Allie^{*#} (*Lead independent Director*)

Niclas Kjellström-Matseke^{*#}

Cormack Sean McCarthy*

* *Non-executive*

[#] *Independent*

CIRCULAR

1. INTRODUCTION AND PURPOSE OF THE CIRCULAR

- 1.1 On Friday, 8 December 2017, Spear announced the proposed adoption of the Conditional Share Plan, which requires the approval of Shareholders at the General Meeting.
- 1.2 The Conditional Share Plan is being proposed in order to attract, retain and reward Employees by providing them with the opportunity of receiving Shares in Spear. The Conditional Share Plan will provide Participants with the opportunity to share in the success of Spear and to be incentivised to deliver on the business strategy of Spear over the long term, providing alignment between the Participants and Shareholders.
- 1.3 The purpose of this Circular is to provide Shareholders with details of the Conditional Share Plan and all other relevant information pertaining to the implementation thereof, in order for Shareholders to make an informed decision at the General Meeting.

2. RATIONALE FOR THE CONDITIONAL SHARE PLAN

- 2.1 The purpose of the Conditional Share Plan is to attract, retain and reward Employees of the Group by providing them with the opportunity to share in the success of Spear and to be incentivised to deliver on the business strategy of Spear over the long term, providing alignment between the Participants and Shareholders.
- 2.2 This will be achieved by granting Participants a right to receive a number of Shares at a future date (the Vesting Date). Shares will consist of either Performance Shares and/or Restricted Shares.
- 2.3 The objectives of the Conditional Share Plan are balanced between the cost of implementing the Conditional Share Plan and the risk of dilution of current Shareholders, while being cognisant of the fact that Shareholders will need to approve the Conditional Share Plan by a resolution supported by at least 75% of the voting rights exercised on such resolution.
- 2.4 The proposed Conditional Share Plan is in line with the majority of REIT incentive schemes in the market. In reviewing the types of long term incentive plans used by the peer group it was found that 60% of REIT companies use full share type plans (largely conditional share plans), 13% use option type (i.e. SAR), 7% use deferred bonus type plans and 20% use other plans (these other plans, typically being share purchase plans which are used in conjunction with full share type plans).

3. SUMMARY OF THE CONDITIONAL SHARE PLAN

3.1 Introduction

- 3.1.1 The purpose of the Conditional Share Plan is to attract, retain and reward Employees. This will be achieved by providing them with the opportunity of receiving Shares in Spear through the Award of either conditional rights to Performance Shares and/or Restricted Shares.
- 3.1.2 The Conditional Share Plan provides that the Performance Shares and/or Restricted Shares be Awarded on the following basis:
- 3.1.2.1 for an Award of Performance Shares, the Vesting thereof is subject to the satisfaction of Performance Conditions and the Employment Condition in line with the Group's approach of performance related incentives; and
- 3.1.2.2 for an Award of Restricted Shares, the Vesting thereof is subject to the satisfaction of the Employment Condition, where the Remuneration Committee recognises key talent instrumental in delivering the Group's business strategy and critical retention requirements. Restricted Shares may also be used for deferral of a portion of Participants' annual performance bonuses to encourage long term alignment with Shareholders.

3.2 Participants

Participation in terms of the Conditional Share Plan will include all Employees holding a permanent salaried employment or office with any Employee Company. Final discretion regarding participation will remain with the Remuneration Committee.

3.3 Rights of Participants

Participants will not be entitled to any Shareholder rights before the Settlement of the Awards on Vesting. On Settlement, Shares will be registered in the name of the Participants and they will have all Shareholder rights, including dividend and voting rights. Some senior Employees may be required to hold Shares post Vesting (without disposing thereof) as part of minimum shareholding requirement agreed with the Group and to further create alignment with Shareholders.

3.4 Basis of Awards and Award levels

- 3.4.1 In line with the requirements of King IV and best practice, Performance Shares will be Awarded on an annual basis. As part of the annual award the Remuneration Committee may award a portion of Restricted Shares to key critical roles. It is envisaged that the Restricted Share component of the Award would not exceed 30% of the total Award, with the remainder being Performance Shares.
- 3.4.2 Award levels for Performance Shares and/or Restricted Shares will be decided by the Remuneration Committee each time that Awards are granted, by taking into account the particular circumstances at that time.
- 3.4.3 Annual Awards will be benchmarked and set to a market related level of remuneration whilst considering the overall affordability thereof to Spear.

3.5 Performance Conditions and Vesting

- 3.5.1 The extent and nature of Performance Conditions applicable to the Conditional Share Plan will be approved by the Remuneration Committee annually and specifically included in the Award Letter to Participants. It is envisaged that for the first Award the Performance Conditions may include, *inter alia*, distribution growth, net asset value growth and personal and strategic key performance metrics.
- 3.5.2 Restricted Shares will not be subject to Performance Conditions, due to their inherent nature as retention instruments, but will be subject to the Employment Condition, which requires continued employment of the Participant by any Employee Company for the duration of the Employment Period.
- 3.5.3 Performance Shares will be subject to the fulfilment of both the pre-determined Performance Conditions to be satisfied over the Performance Period and the Employment Condition over the Employment Period for Vesting to occur.
- 3.5.4 The Remuneration Committee will set appropriate Performance Conditions and Employment Conditions, as relevant, for future Awards, taking into account the business environment at the time of making the Awards. Each of these details of the Award will be agreed with the Participants in terms of individual Award Letters.

3.6 Manner of Settlement

- 3.6.1 The Conditional Share Plan Rules are flexible in order to allow for Settlement in any of the following manners:
- 3.6.1.1 by way of a market purchase of Shares;
- 3.6.1.2 use of existing Shares held in treasury;
- 3.6.1.3 issue of Shares by Spear; and
- 3.6.1.4 as a fall-back provision, in cash.
- 3.6.2 The exact method of Settlement will be determined by the Remuneration Committee for each Award.

3.7 Limits and adjustments

3.7.1 Overall limit

3.7.1.1 The aggregate number of Shares which may be Settled in respect of the Conditional Share Plan to all Participants will not exceed 8 100 000 Shares, which represents approximately 5% of the number of issued Shares as at the Last Practicable Date. This is in line with market best practice.

3.7.1.2 In calculating the limit for the Conditional Share Plan, new Shares allotted and issued by Spear or Shares held in a treasury account which have been used by Spear for Settlement of the Conditional Share Plan, will be included in the overall limit. This limit will be calculated to exclude Shares purchased in the market in Settlement of the Conditional Share Plan.

3.7.2 Individual Limit

The maximum number of Shares which may be Settled to any single Participant in terms of this Conditional Share Plan will not exceed 1 620 000 Shares, which represents approximately 1% of the number of issued Shares as at the Last Practicable Date.

3.7.3 Adjustments related to Conditional Share Plan limits

3.7.3.1 The Remuneration Committee must, where required, adjust the individual limit (without the prior approval of Shareholders in a general meeting), to take account of a sub-division or consolidation of the Shares of Spear. Such adjustment to the number of Shares should result in Spear still being capable of settling the same percentage of Shares as was the case prior to the occurrence of the event.

3.7.3.2 The Remuneration Committee may, where required, adjust the overall limit and individual limit to take account of a Capitalisation Issue, a special distribution, a Rights Offer or reduction in capital of Spear. Such adjustment to the number of Shares should result in Spear still being capable of settling the same percentage of Shares as was the case prior to the occurrence of the event.

3.7.3.3 The auditors of Spear at the relevant time, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the Conditional Share Plan Rules and must be reported on in Spear's financial statements in the year during which the adjustment is made.

3.7.3.4 Any adjustments made in accordance with paragraph 14.3 of the JSE Listings Requirements, must be reported on in Spear's annual financial statements in the year during which the adjustment is made.

3.7.3.5 The issue of Shares as consideration for an acquisition, and the issue of Shares for cash or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the overall or individual limit.

3.7.3.6 Awards under the Conditional Share Plan which are not subsequently Settled to a Participant as a result of the forfeiture thereof will revert back to the relevant Conditional Share Plan as relevant.

3.8 Consideration

The Participant will give no consideration for the Award or Settlement of any Awards or Shares in terms of the Conditional Share Plan.

3.9 Termination of employment

3.9.1 "Fault Termination"

Participants terminating employment due to resignation or dismissal on grounds of misconduct, poor performance, dishonest behaviour or fraudulent conduct or on the basis of abscondment, will forfeit all Awards which have not Vested.

3.9.2 "No Fault Termination"

Termination of employment due to death, retrenchment, ill-health, disability, injury, the sale of a Subsidiary, or for any other reason other than those set out in paragraph 3.9.1, will be classified as "No Fault Termination". Unvested Award(s) will Vest on date of termination of employment, taking into account the number of complete months served since the Award Date to the date of termination over the total number of months in the Employment Period, and the extent to which any Performance Conditions have been satisfied. However, a discretion on the part of the Remuneration Committee could allow a retired Participant to continue participation in the Plan until the Vesting of his/her Awards.

3.10 Change of Control

3.10.1 In the event of a Change of Control of Spear occurring before the Vesting Date of any Award, a portion of the Award will Vest. The Remuneration Committee, having regard to such professional advice as they consider appropriate in the circumstances, has an absolute discretion to accelerate Vesting of a portion of Awards.

3.10.2 In exercising their discretion, the Remuneration Committee may consider the number of complete months served since the Award Date to the date of the Change of Control over the total number of months in the Employment Period, and the extent to which any Performance Conditions have been satisfied. The portion of the Award that does not Vest as a result of Change of Control, will lapse.

3.11 Variation of share capital

- 3.11.1 In the event of a variation in the share capital of Spear such as, for example, a Capitalisation Issue, Rights Offer, subdivision of Shares, consolidation of Shares, the Shares ceasing to be listed on the JSE, Spear being put into liquidation for the purpose of reorganisation, or any other event affecting the Share capital of Spear, or in the event of Spear making distributions to Shareholders, including a distribution in specie, a special dividend, (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), Participants will continue to participate in the Conditional Share Plan.
- 3.11.2 The Remuneration Committee may make such adjustment to the Award or take such other action to place Participants in no worse a position than they were prior to the happening of the relevant event and to provide that the fair value of the Award immediately after the event is materially the same as the fair value of the Award immediately before the event.
- 3.11.3 The issuing of Shares as consideration for an acquisition, and the issuing of Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the Awards.

3.12 Liquidation

If Spear is placed into liquidation, other than for purposes of reorganisation, an Award of Performance Shares and/or Restricted Shares will lapse as from the liquidation date.

3.13 Amendment

The Remuneration Committee may alter or vary the Conditional Share Plan Rules as it sees fit, however in the following instances the Conditional Share Plan may not be amended without the prior approval of the JSE and a resolution of Shareholders supported by at least 75% of the voting rights exercised on such resolution:

- 3.13.1 the category of persons who are eligible for participation in the Conditional Share Plan;
- 3.13.2 the number of Shares which may be utilised for the purpose of the Conditional Share Plan;
- 3.13.3 the individual limitations on benefits or maximum entitlements;
- 3.13.4 the basis upon which Awards are made;
- 3.13.5 the amount payable upon the Award, Settlement or Vesting of an Award;
- 3.13.6 the voting, dividend, transfer and other rights attached to the Awards, including those arising on a liquidation of Spear;
- 3.13.7 the adjustment of Awards in the event of a variation of the share capital of Spear or a Change of Control of Spear; and
- 3.13.8 the procedure to be adopted in respect of the Vesting of Awards in the event of termination of employment.

4. REPLACEMENT OF THE EXISTING SHARE INCENTIVE SCHEME

The Conditional Share Plan will repeal and replace the Existing Share Incentive Scheme in its entirety. It is noted that to date no awards have been made under the Existing Share Incentive Scheme and no awards will be made in terms thereof, as all future awards will be made in terms of the proposed new Conditional Shares Plan.

5. GENERAL MEETING

- 5.1 A General Meeting of Shareholders will be held at 11:00 on Friday, 26 January 2018, at Double Tree by Hilton Cape Town at the Upper Eastside, 31 Brickfield Road, Woodstock, Cape Town in order to consider and approve the ordinary resolutions proposed in the Notice of General Meeting.
- 5.2 The Notice of General Meeting and the Form of Proxy (*grey*) for use by Certificated Shareholders and Dematerialised Shareholders with Own-name Registration who are unable to attend the General Meeting and who wish to be represented thereat is attached to and forms part of this Circular.
- 5.3 Full details of the action required by Certificated Shareholders and Dematerialised Shareholders are set out on page 2 of this Circular.

6. EXPERTS' CONSENTS

The Sponsor and each of the experts, whose names appear in the "Corporate Information" section of this Circular, have given and have not, prior to the formal approval of this Circular by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated, being included in this Circular.

7. RESPONSIBILITY STATEMENT

The Directors, whose names are set out in the “*Corporate Information*” section of this Circular, collectively and individually accept full responsibility for the accuracy of the information contained in this Circular which relates to Spear and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the JSE Listings Requirements.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Spear and at the Stellenbosch and Johannesburg offices of PSG Capital at the addresses referred to in the “*Corporate Information*” section of this Circular, during normal office hours from the date of issue of this Circular until the date of the General Meeting:

- 8.1 the Conditional Share Plan Rules;
- 8.2 written consent letters by experts and advisers, as referred to in paragraph 22 above; and
- 8.3 a copy of this Circular.

SIGNED AT CAPE TOWN ON FRIDAY, 8 DECEMBER 2017 BY MICHAEL NAFTALI FLAX ON BEHALF OF ALL THE DIRECTORS OF SPEAR, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

MICHAEL NAFTALI FLAX

Chief executive officer

Abubaker Varachhia* (*Chairman*)

Michael Naftali Flax (*Chief executive officer*)

Quintin Michael Rossi (*Managing Director*)

Christiaan Barnard (*Financial Director*)

Brian Leon Goldberg*#

Jalaloodien Ebrahim Allie*# (*Lead independent Director*)

Niclas Kjellström-Matseke*#

Cormack Sean McCarthy *

* Non-executive

Independent



SPEAR

REIT LIMITED

SPEAR REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2015/407237/06)

(Approved as a REIT by the JSE)

(Share Code: SEA, ISIN ZAE000228995)

("Spear")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached, shall bear the same meanings where used in this Notice of General Meeting.

NOTICE IS HEREBY GIVEN that a general meeting of Shareholders will be held at 11:00 on Friday, 26 January 2018 at Double Tree by Hilton Cape Town at the Upper Eastside, 31 Brickfield Road, Woodstock, Cape Town, to consider and, if deemed fit, pass, with or without modification, the resolutions set out hereunder.

1. ORDINARY RESOLUTION NUMBER 1 – Adoption of the Conditional Share Plan

"RESOLVED AS AN ORDINARY RESOLUTION that the Conditional Share Plan, the details of which are included in the Circular to which this Notice of General Meeting is attached and a copy of which has been signed by the chairman for identification purposes and tabled at the General Meeting convened to consider same, amongst other things, be and is hereby adopted, which Conditional Share Plan hereby repeals and replaces the Existing Share Incentive Scheme in its entirety."

Reason and effect of Ordinary Resolution Number 1

The reason for Ordinary Resolution Number 1 is to obtain the authority of Shareholders for Spear to adopt the Conditional Share Plan. The effect of Ordinary Resolution Number 1 is that the Conditional Share Plan will have been adopted by Spear and the Existing Share Incentive Scheme will be replaced and repealed.

Percentage of voting rights required

In terms of the JSE Listings Requirements, in order for Ordinary Resolution Number 1 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the ordinary resolution.

2. ORDINARY RESOLUTION NUMBER 2 – Directors' authority

"RESOLVED AS AN ORDINARY RESOLUTION that, any Director of Spear, be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to give effect to the resolutions set out in this Notice of General Meeting and anything already done in this respect be and is hereby ratified."

Reason and effect

The reason for and effect of Ordinary Resolution Number 2 is to authorise each Director of Spear to do all such things and sign all such documents as are deemed necessary or desirable to implement the resolutions set out in the Notice of General Meeting.

Percentage of voting rights required

In terms of the JSE Listings Requirements, in order for Ordinary Resolution Number 2 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the ordinary resolution.

VOTING AND PROXIES

The date on which Shareholders must have been recorded as such in the Register for purposes of being entitled to receive this Notice of General Meeting, is Friday, 8 December 2017.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting is Friday, 19 January 2018, with the last day to trade being Tuesday, 16 January 2018.

Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairperson of the General Meeting and must accordingly bring a copy of their identity document, passport or drivers' license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a Shareholder. A Form of Proxy (*grey*), which sets out the relevant instructions for its completion, is enclosed for use by Certificated Shareholders or Own-name Registered Dematerialised Shareholders who wish to be represented at the General Meeting. Completion of a Form of Proxy (*grey*) will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.

The instrument appointing a proxy and the authority (if any) under which it is signed must be lodged with, posted to or e-mailed to the Transfer Secretaries or the Company Secretary, at the addresses given below, to be received by them, for administrative purposes, by not later than 11:00 on Wednesday, 24 January 2018 or thereafter handed to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at such General Meeting.

Dematerialised Shareholders, other than Own-name Registered Dematerialised Shareholders, who wish to attend the General Meeting in person, will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such Shareholders and the CSDP or Broker.

Dematerialised Shareholders, other than Own-name Registered Dematerialised Shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein.

Shareholders or their proxies may participate in (but not vote at) the General Meeting by way of telephone conference call and if they wish to do so:

- must contact the Company Secretary (by email at rene@spearprop.co.za) by no later than 16:00 on Wednesday, 24 January 2018, in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification;
- will be billed separately by their own telephone service providers for their own telephone calls to participate in the General Meeting;
- Shareholders and their proxies will not be able to vote telephonically at the General Meeting and will still need to appoint a proxy or representative to vote on their behalf at the General Meeting.

Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each Share held.

By order of the Board

MICHAEL NAFTALI FLAX

Chief executive officer

8 December 2017

Company Secretary

Rene Cheryl Stober
5th Floor
Double Tree by Hilton Cape Town at the Upper Eastside
31 Brickfield Road
Woodstock
Cape Town, 8010
(PO Box 50, Observatory, 7935)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown 2107)
proxy@computershare.co.za



SPEAR

REIT LIMITED

SPEAR REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2015/407237/06)

(Approved as a REIT by the JSE)

(Share Code: SEA, ISIN ZAE000228995)

("Spear")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME REGISTERED DEMATERIALISED SHAREHOLDERS ONLY

All terms defined in the Circular, to which this Notice of General Meeting is attached, shall bear the same meanings when used in this Form of Proxy.

For use only by Shareholders holding Certificated Shares, nominee companies of CSDPs, Brokers' nominee companies and Own-name Registered Dematerialised Shareholders at the General Meeting to be held at 11:00 on Friday, 26 January 2018 at Double Tree by Hilton Cape Town at the Upper Eastside, 31 Brickfield Road, Woodstock, Cape Town.

Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders must not complete this Form of Proxy and must provide their CSDP or Broker with their voting instructions, except for Own-name Registered Dematerialised Shareholders recorded in the sub-register through a CSDP or Broker, which Shareholders must complete this Form of Proxy and lodge it with their CSDP or Broker in terms of the custody agreement entered into between them and their CSDP or Broker. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders wishing to attend the General Meeting must inform their CSDP or Broker of such intention and request their CSDP or Broker to issue them with the necessary letter of representation to attend.

I/We (Please PRINT names in full) _____

of (address) _____

telephone numbers: (work) area code () _____ Telephone: (home) area code () _____

Cell phone number: _____ E-mail address _____

being the holder of _____ Shares in Spear, hereby appoint: _____

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairman of the General Meeting

as my/our proxy to attend, speak and vote for me/us at the General Meeting for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instruction (see notes):

	Number of Shares		
	In favour of	Against	Abstain
Ordinary Resolution Number 1 Adoption of the Conditional Share Plan			
Ordinary Resolution Number 2 Directors' Authority			

Please indicate your voting instruction by way of inserting the number of Shares or by a cross in the space provided should you wish all your Shares to be voted.

Signed at: _____ on this _____ day of _____

Signature(s) _____

Assisted by (where applicable) (state capacity and full name) _____

Each Shareholder is entitled to appoint one or more proxy(ies) (who need not be Shareholder(s) of Spear) to attend, speak and vote in his/her stead at the General Meeting.

Please read the notes on the reverse side hereof.

Notes:

1. A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered Shareholder of Spear.
2. Every Shareholder present in person or by proxy and entitled to vote at the General Meeting shall, on a show of hands, have one vote only, irrespective of the number of Shares such Shareholder holds. In the event of a poll, every Shareholder shall be entitled to that proportion of the total votes in Spear which the aggregate amount of the nominal value of the Shares held by such Shareholder bears to the aggregate amount of the nominal value of all the Shares issued by Spear.
3. Shareholders who have Dematerialised their Shares with a CSDP or Broker, other than Own-name Registered Dematerialised Shareholders, must arrange with the CSDP or Broker concerned to provide them with the necessary authorisation to attend the General Meeting or the Shareholders concerned must instruct their CSDP or Broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Shareholder and the CSDP or Broker concerned.

Instructions on signing and lodging the Form of Proxy:

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "the chairperson of the General Meeting", but any such deletion must be initialled by the Shareholder. Should this space/s be left blank, the proxy will be exercised by the chairperson of the General Meeting. The person whose name appears first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes which that Shareholder wishes to exercise, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she thinks fit in respect of all the Shareholder's exercisable votes. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the Shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries or Company Secretary.
4. To be valid, the completed Form of Proxy must be lodged with, posted to or e-mailed to the Company Secretary or the Transfer Secretaries, at the addresses set out below, to be received by them, for administrative purposes, by no later than Wednesday, 24 January 2018, at 11:00 or thereafter by handing such form to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholder at such General Meeting.

Company Secretary

Rene Cheryl Stober
5th Floor
Double Tree by Hilton Cape Town at the Upper Eastside
31 Brickfield Road
Woodstock
Cape Town, 8010
(PO Box 50, Observatory, 7935)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown 2107)
proxy@computershare.co.za

5. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.
6. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
7. The appointment of a proxy in terms of this Form of Proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act, and accordingly a Shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to Spear.
8. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this Form of Proxy must be initialled by the signatory/ies.
9. The chairperson of the General Meeting may accept any Form of Proxy which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a Shareholder wishes to vote.