

Corporate Governance Report

The board of directors is committed to uphold good ethical standards and the application of corporate governance principles. Except as explained, the company has fully applied the King Code on Corporate Governance for South Africa (“King III”) and, as required by the JSE, a full register of King III compliance is available on the company’s website (www.spearprop.co.za).

Board of directors

There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The board comprises seven directors, of which four are non-executive and three are executive directors. Of the non-executive directors, three (75%) are independent. The board members have a diverse range of qualifications and experience, which enables them to contribute meaningfully to the management of the group. The board is satisfied with the depth of the collective experience of the non-executive directors and is satisfied that there is sufficient independence of mind on the board as there are more independent than non-independent members. Conflicts of interest, as they arise, are also appropriately dealt with.

All directors must resign and make themselves available for re-election at the first annual general meeting (“AGM”). One-third of the non-executive directors must resign and make themselves available for re-election at each AGM thereafter. The appointment of Sean McCarthy will be presented to shareholders for confirmation.

Director	1 December 2016	23 February 2017
Abu Varachhia	✓	✓
Mike Flax **	✓	✓
Quintin Rossi **	✓	✓
Christiaan Barnard **	✓	✓
Jalal Allie *	✓	✓
Brian Goldberg *	✓	✓
Niclas Matseke *	✓	✓

- * Independent
- ** Executive director
- ✓ Attended
- Δ Absent with apologies

All board appointments are motivated by the nomination committee in terms of their formal terms of reference and policy on appointments. All appointments are subject to approval by the board.

The board met twice during the period under review and will meet at least four times per year thereafter, but will meet more often if circumstances require. The table above sets out the board meetings held and attendance during the reporting period.

Chairman and chief executive officer

The roles of the chairman of the board and the chief executive officer are separated and clearly defined. The chief executive officer (Mike Flax) is responsible for the day-to-day management of the group and implementation of the strategy and objectives adopted by the board. He is assisted by the two other executive directors and members of senior staff. The chairman of the board (Abu Varachhia) is a non-executive director and has overall responsibility of managing the relationship between the board, the chief executive officer and the various board committees. He sets the agendas for the board meetings and ensures adequate time is devoted to developing the group’s strategy.



Manhattan Plaza, Tygervalley

Board committees

The board acknowledges that overall responsibility for managing the group rests with the board as a whole.

To assist it in fulfilling its responsibilities, the board has appointed a number of sub-committees.

Composition of committees

The members of all the board committees are set out below.

Audit and risk committee	Investment committee	Remuneration committee	Social and ethics committee	Nomination committee
Jalal Allie (Chair)	Brian Goldberg (Chair)	Jalal Allie (Chair)	Niclas Matseke (Chair)	Jalal Allie (Chair)
Brian Goldberg	Abu Varachhia	Niclas Matseke	Quintin Rossi	Brian Goldberg
Niclas Matseke	Mike Flax	Abu Varachhia	Brian Goldberg	Niclas Matseke
	Quintin Rossi			
	Christiaan Barnard			
	Niclas Matseke			

Audit and risk committee

The primary responsibility of the audit and risk committee is to assist the board in overseeing integrated reporting and ensuring the financial integrity of the annual financial statements and other financial reporting. This committee is chaired by Jalal Allie, an independent non-executive director.

Investment committee

In the light of the increased volume and magnitude of transactions being evaluated by the company, the investment committee was constituted in October 2016. This committee is chaired by Brian Goldberg and its primary role is to review material transactions identified by the executive (including material acquisitions, mergers and disposals) on an ongoing basis and to make recommendations to the board in this regard. The committee also assists and advises the executive on such transactions.

Remuneration committee

The remuneration committee is chaired by Jalal Allie, an independent non-executive director, and ensures that the group adopts a remuneration policy that is fair and transparent and attracts and retains executive talent that contributes to the achievement of the group's objectives.

Social and ethics committee

The committee is chaired by Niclas Matseke, an independent non-executive director. The social and ethics committee is a statutory committee whose focus is to monitor compliance with group corporate social responsibilities.

Nomination committee

The chairman of the remuneration committee, Jalal Allie, also chairs the nomination committee. The nomination committee meets when required and, as previously stated, is responsible for assisting the board with the appointment of directors by making appropriate recommendations in this regard. In identifying suitable candidates for appointment to the board, the nomination committee will consider candidates on merit against objective criteria and with due regard for the potential benefits of gender diversity at a board level. The board has adopted a gender diversification policy. The nomination committee will continue to discuss and annually agree all measurable targets for achieving gender diversity on the board.

Corporate Governance Report (continued)

Director	Abu Varachhia	Mike Flax	Quintin Rossi	Christiaan Barnard	Jalal Allie	Brian Goldberg	Niclas Matseke
Audit and risk committee							
28 Feb 2017	⊖	⊖	⊖	⊖	✓	✓	✓
Investment committee							
1 Dec 2016	✓	✓	✓	✓	⊖	✓	✓
23 Feb 2017	✓	✓	✓	✓	⊖	✓	✓

- ✓ Attended
- Δ Absent with apologies
- ⊖ Not a member of this committee

Remuneration committee

No formal meeting was held as the committee was only established in May 2017.

Spear's remuneration will be presented to shareholders for a non-binding vote thereon at Spear's upcoming annual general meeting.

Executive directors' remuneration is set out on page 70 of this integrated report.

Social and ethics committee

No formal meeting was held as the committee was only established in May 2017.

Conflicts of interest and directors' personal interests

Directors are required to declare their personal financial interests and those of related persons in contracts with the group. A register in this regard is maintained and reviewed at each board meeting.

Directors are asked to recuse themselves from any discussions and decisions where they have a material financial interest.

Company secretary

Rene Cheryl Stober is the appointed company secretary of Spear. The board is of the opinion that the company secretary is suitably qualified and experienced to carry out her duties as stipulated under Section 84 of the Companies Act. The company secretary provides board members with guidance in respect of their statutory duties and ensures that they are up to date on all relevant statutory requirements.

The board has reviewed, through discussion and assessment, the qualifications, experience and competence of the company secretary and has noted that the company secretary performed all formalities and substantive duties timeously and in an appropriate manner. The board is satisfied that an arm's length relationship exists.

The certificate that the company secretary, herein represented by Rene Cheryl Stober, is required to issue in terms of Section 88(2)(e) of the Companies Act, is on page 33 of this integrated report.



Double Tree by Hilton Hotel Cape Town – Upper Eastside