

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action to take, please consult your stockbroker, Central Securities Depository Participant ("CSDP"), banker, accountant, attorney or other professional advisor immediately.

Action required

- 1.1 If you have disposed of your Spur Corporation Limited ("Spur") ordinary shares, please forward this circular to the purchaser of such shares or the stockbroker or agent through whom you disposed of such shares.
- 1.2 The general meeting convened in terms of this circular will be held on Friday, 3 October 2014 at 08:30 at 14 Edison Way, Century Gate Business Park, Century City, Cape Town.

Certificated shareholders and "own name" dematerialised shareholders

If you are the registered holder of certificated Spur ordinary shares or you hold dematerialised Spur shares in your own name and if you are unable to attend the general meeting of Spur shareholders convened in terms of this circular and wish to be represented at the general meeting, you must complete and return the attached form of proxy in accordance with the instructions therein so as to be received by the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 08:30 on Thursday, 2 October 2014.

Dematerialised shareholders other than with "own name" registration

If you do not hold your dematerialised Spur shares in your own name, you must provide your CSDP, banker or stockbroker with your voting instructions in terms of the custody agreement entered into with your CSDP, banker or stockbroker. Alternatively, if you wish to attend the general meeting in person, you must request your CSDP, banker or stockbroker to provide you with a letter of representation or other necessary authority to authorise you to attend and vote your shares in terms of the custody agreement with your CSDP, banker or stockbroker.

Spur does not accept responsibility and will not be held liable for any failure on the part of the CSDP, banker or stockbroker of any dematerialised shareholder to notify such shareholder of the transaction set out in this circular.



SPUR CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/000828/06)
Share code: SUR ISIN: ZAE000022653

CIRCULAR TO ORDINARY SHAREHOLDERS

Regarding the implementation of a Broad-Based Black Economic Empowerment transaction by means of:

- an issue of 10 848 093 new Spur shares for cash to GPI Spur Proprietary Limited ("BEECo") at a price of 2716 cents per share ("the BEECo issue");
- the financing by Spur of 24.5% of the subscription price of the BEECo issue, via a preference share subscription by Spur Group Proprietary Limited in BEECo;
- the potential repurchase of a maximum of 10 848 093 Spur shares from BEECo;
- the potential delisting and cancellation of a portion of such repurchased Spur shares; and
- the donation of 500 000 Spur shares previously held in treasury to the Spur Foundation in five equal tranches over a five year period;

and incorporating:

- a notice of general meeting; and
- a form of proxy for use by certificated and "own name" dematerialised shareholders only.

Sponsor

sasfin
Capital

Legal Advisor

bvpg BERNADT • VUKIC
POTASH • & • GETZ
ATTORNEYS

Reporting Accountants

KPMG

This circular is available in English only and copies thereof may be obtained from Spur's registered office and the office of the Sponsor, the addresses of which appear on the inside front cover of this circular from 4 September 2014 to 3 October 2014.

Date of issue: 4 September 2014

CORPORATE INFORMATION AND ADVISORS

Company Secretary and Registered Office of Spur

Ronel van Dijk
14 Edison Way
Century Gate Business Park
Century City 7441
(PO Box 166, Century City 7446)

Date and place of incorporation

1998
Cape Town

Sponsor

Sasfin Capital
(A division of Sasfin Bank Limited)
(Registration number 1951/002280/06)
29 Scott Street
Waverley 2090
Johannesburg
(PO Box 95104, Grant Park 2051)

Legal Advisors

Bernadt Vukic Potash & Getz
11th Floor
No.1 Thibault Square
Cape Town 8001
(PO Box 252, Cape Town 8000)

Reporting Accountants

KPMG Inc.
MSC House
1 Mediterranean Street
Foreshore
Cape Town 8001
(PO Box 4609, Cape Town 8000)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

TABLE OF CONTENTS

	Page no
Corporate Information and Advisors	<i>Inside front cover</i>
Important dates and times	2
Definitions and interpretation	3
Circular to shareholders	6
1. Introduction and purpose of this circular	6
2. The B-BBEE transaction	7
3. The BEECo agreements	7
4. The proposed financing of the B-BBEE transaction	10
5. Financial assistance, solvency and liquidity statement	10
6. The donation to Spur Foundation	10
7. JSE Listings Requirements and shareholder approval	11
8. Conditions precedent	11
9. Financial information	12
10. Information relating to the company	13
11. Transaction expenses	17
12. Opinions and recommendations	18
13. Directors' responsibility statement	18
14. Consents	18
15. General meeting and action required	18
16. Documents available for inspection	18
Annexure 1 <i>Pro-forma</i> financial information of Spur	19
Annexure 2 Reporting accountants' limited assurance report on the <i>pro forma</i> financial information	23
Annexure 3 Share price history of Spur	25
Annexure 4 Corporate Governance	27
<i>Notice of general meeting</i>	<i>Attached</i>
<i>Form of proxy</i>	<i>Attached</i>

IMPORTANT DATES AND TIMES

2014

Record date to determine which shareholders are entitled to receive the circular containing the notice of general meeting	Friday, 29 August
Last date to trade to be eligible to attend and vote at the general meeting	Thursday, 18 September
Record date to determine which shareholders are entitled to attend and vote at the general meeting	Friday, 26 September
Forms of proxy to be lodged by 08:30 on	Thursday, 2 October
General meeting of Spur to be held at 08:30 on	Friday, 3 October
Results of general meeting announced on SENS	Friday, 3 October
List new Spur shares and receive payment of subscription consideration on or about	Subscription date, estimated to be on or before Friday, 31 October

Notes:

1. The definitions commencing on page 3 of this circular apply, *mutatis mutandis*, to the information on important dates and times.
2. The above dates and times are subject to amendment. Any such amendment will be published on SENS and in the 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 five business days after such trade. Therefore persons who acquire shares after the last date to trade to be eligible to vote will not be able to vote at the general meeting.
4. A shareholder may submit a form of proxy at any time before the commencement of the general meeting or hand it to the chairman of the general meeting before the appointed proxy exercises any of the relevant shareholder rights at the general meeting, provided that should a shareholder lodge a form of proxy with the transfer secretaries less than 48 hours (excluding Saturdays, Sundays and official public holidays) before the general meeting, such shareholder will also be required to furnish a copy of such form of proxy to the chairman of the general meeting before the appointed proxy/ies exercises any of such shareholder's rights at the general meeting.
5. If the general meeting is adjourned or postponed, forms of proxy submitted for the initial general meeting will remain valid in respect of any adjournment or postponement of the general meeting.
6. All times given in this circular are local times in South Africa.

DEFINITIONS AND INTERPRETATION

In this circular, and the annexures hereto, unless otherwise stated or the context otherwise clearly indicates, the words in the first column shall have the meaning stated opposite them in the second column. Words in the singular shall include the plural and *vice versa*, words signifying any one gender shall include the other genders and references to natural persons shall include juristic persons and associations of persons:

“Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“ancillary agreement”	the agreement dated 30 July 2014, governing the relationship between <i>inter alia</i> , Spur, Spur Group, GPI, BEECo and Standard Bank <i>vis a vis</i> the BEECo issue, the preference shares and the BEECo Standard Bank preference shares;
“B-BBEE”	broad-based black economic empowerment;
“B-BBEE Act”	the Broad-based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended;
“B-BBEE ownership”	<i>inter alia</i> , a shareholding where 50% plus one share of a company’s ordinary shares are owned and exercisable by black persons in terms of the B-BBEE Act and the Codes;
“B-BBEE transaction”	the BEECo issue and the preference share issue, referred to collectively;
“B-BBEE transaction consideration”	the number of subscription shares multiplied by 2716 cents per share, being an amount of R294.66 million;
“BEECo”	GPI Spur Proprietary Limited (registration number 2014/094498/07), a limited liability private company incorporated in accordance with the laws of South Africa, a wholly owned subsidiary of GPI, which is being renamed to GPI Investments 1 Proprietary Limited;
“BEECo acquisition”	the acquisition by the Spur entities of all of the BEECo shares, in terms of the share repurchase rights as detailed in paragraph 3.3.4 of this circular;
“BEECo agreements”	the BEECo subscription agreement, the ancillary agreement, the preference share agreement and the lock-in agreement, referred to collectively;
“BEECo issue” or “BEECo subscription” or “the specific issue”	the issue of 10 848 093 new Spur shares to BEECo by means of the specific issue of shares for cash at the subscription price on the terms and conditions set out in the subscription agreement;
“BEECo shares”	all of the ordinary shares in the capital of BEECo;
“BEECo Standard Bank funding”	funding of R150 million of the BEECo subscription by Standard Bank by means of, <i>inter alia</i> , a subscription for A class and B class preference shares in the issued share capital of BEECo on the terms and conditions of the BEECo Standard Bank preference share agreement;
“BEECo Standard Bank preference shares”	A class and B class variable rate, cumulative redeemable no par value preference shares in the share capital of BEECo subscribed for by Standard Bank for a purchase consideration of R150 million; as set out in paragraph 4 of this circular;
“BEECo Standard Bank preference share agreement”	the agreement governing the relationship between, <i>inter alia</i> , BEECo, GPI and Standard Bank containing the terms and conditions of the BEECo Standard Bank preference shares, dated 30 July 2014;
“BEECo subscription agreement” or “subscription agreement”	the agreement entered into between Spur, GPI and BEECo containing the terms and conditions of the BEECo issue, dated 30 July 2014;
“black persons”	black people as defined in the B-BBEE Act and read with the Codes;
“board of directors” or “directors”	the current board of directors of Spur, whose names appear in paragraph 10.7 below;
“certificated shares”	Spur shares held in the form of certificates or other documents of title and which have not yet been surrendered for dematerialisation in terms of Strate;
“certificated shareholders”	Spur shareholders holding certificated shares;
“Codes”	the Codes of Good Practice contemplated in section 9 of the B-BBEE Act, gazetted on 9 February 2007, as amended;
“conditions precedent”	the conditions precedent to the BEECo issue set out in paragraph 8 of this circular;
“circular”	this circular and the annexures hereto;

“CSDP”	a Central Securities Depository Participant registered as a participant in terms of the Securities Services Act and licenced as a central securities depository under the Financial Markets Act, Act 19 of 2012;
“dematerialised”	the process whereby paper share certificates or other documents of title are replaced with electronic records of ownership of shares or uncertificated securities as contemplated in section 49 of the Act under the Strate system with a CSDP or stockbroker;
“dematerialised shares”	Spur shares, which have been dematerialised and incorporated into Strate and which are no longer evidenced by share certificates or other physical documents of title;
“dematerialised shareholders”	Spur shareholders holding dematerialised shares;
“donation” or “share donation”	the issue of the Spur Foundation shares to the Spur Foundation on the terms and conditions of the donation agreement as detailed in paragraph 6 of this circular;
“donation agreement”	the agreement between Share Buy-back and Spur Foundation in terms of which Share Buy-back will donate the Spur Foundation shares to Spur Foundation as detailed in paragraph 6 of this circular, which is set out in the resolutions of the board of directors dated 11 September 2013 and 5 August 2014;
“general meeting”	the general meeting of ordinary shareholders convened in terms of the notice accompanying this circular, to be held at 08:30 on Friday, 3 October 2014 at 14 Edison Way, Century Gate Business Park, Century City, Cape Town, or any adjournment or postponement thereof;
“GPI”	Grand Parade Investments Limited (Registration number 1997/003548/06), a black owned and controlled public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on the Main Board of the JSE;
“the group”	Spur and its subsidiaries, referred to collectively;
“IFRS”	International Financial Reporting Standards;
“JSE”	JSE Limited, a public company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2007/022939/06, licensed as an exchange under the Financial Markets Act, No. 19 of 2012;
“last practicable date”	22 August 2014, being the last practicable date prior to finalisation of this circular;
“lock-in agreement”	the agreement entered into between Spur, BEECo and GPI in terms of which BEECo, <i>inter alia</i> , agrees not to dispose of the subscription shares during the lock-in period, undertakes to maintain its B-BBEE credentials and grants Spur the right to repurchase subscription shares as detailed in paragraph 3.3 and 3.4 below, dated 30 July 2014;
“material adverse change”	any fact, development, effect, change, circumstance or event, that individually or in the aggregate, is materially adverse, or is reasonably likely to be materially adverse, to the business, operation, assets, properties, condition (financial or otherwise), prospects or results of operations of Spur or that may impact the BEECo issue (being an objective test the result of which may be challenged in arbitration);
“lock-in period”	a period of five years from the subscription date;
“MOI”	the Memorandum of Incorporation of a company;
“preference shares” or “C class preference shares”	C class variable rate, cumulative, redeemable, no par value preference shares in the issued share capital of BEECo, which shall confer on Spur Group the rights and privileges set out in paragraph 4 of this circular;
“preference share agreement”	the agreement between GPI, BEECo, Spur and Spur Group in terms whereof Spur Group will, <i>inter alia</i> , subscribe for the C class preference shares and obtains the right, under certain circumstances, to repurchase subscription shares as detailed in paragraph 3.3 and 3.4 below, dated 30 July 2014;
“preference share issue”	the issue of the C class preference shares to Spur Group, on the terms and conditions set out in paragraph 4 of this circular;
“prime rate”	the publicly quoted basic rate of interest compounded monthly in arrears and calculated on a 365 day year irrespective of whether or not the year in question is a leap year, from time to time published by Standard Bank as being its prime overdraft rate, as certified by any representative of Standard Bank whose appointment and designation it will not be necessary to prove;
“SARB”	South African Reserve Bank;
“SENS”	Stock Exchange News Service of the JSE;
“Share Buy-back”	Share Buy-back Proprietary Limited (Registration number 1999/010023/07), a private company incorporated in accordance with the laws of South Africa, a wholly owned subsidiary of Spur, the holder of the treasury shares;

“share repurchase”	the potential specific repurchase of a maximum of 10 848 093 of the subscription shares owned by BEECo by the Spur entities, or by means of the BEECo acquisition, which may result from the lock-in agreement and/or preference share agreement as set out in paragraphs 3.3 and 3.4 of this circular;
“share repurchase price”	the price payable by Spur for the subscription shares acquired by it in terms of the share repurchase when BEECo is allowed or obliged to sell all or some of the subscription shares, which shall be calculated at the time of the sale with reference to prevailing circumstances such as, <i>inter alia</i> , the 90 day volume weighted average trading price of Spur shares on the JSE at the time as detailed in paragraph 3.4;
“share repurchase rights”	the rights granted to the Spur entities (i) by BEECo and GPI in terms of the lock-in agreement and preference share agreement, in terms of which the Spur entities or their nominees may repurchase the subscription shares; or (ii) to effect the BEECo acquisition or (iii) in terms of the ancillary agreement, in terms of which the Spur entities may either repurchase the subscription shares or acquire the BEECo Standard Bank Preference shares on the occurrence of certain remediable or unremediable breaches of the Standard Bank preference share agreement as detailed in paragraph 3.3 and 3.4 of this circular;
“Spur” or “the company”	Spur Corporation Limited (Registration number 1998/000828/06), a public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on the Main Board of the JSE;
“Spur entities”	Spur and Spur Group, or their nominees, referred to collectively;
“Spur Foundation”	The Spur Foundation Trust (Trust no. IT586/2013), a benevolent public benefit organisation with a section 18A tax certificate, established by Spur in 2012 by means of a cash donation of R670 000 from a wholly-owned subsidiary of Spur, Spur Group;
“Spur Foundation share issue”	the transfer of the Spur Foundation shares to Spur Foundation from Share Buy-back in terms of the donation agreement by means of a specific issue of shares for cash;
“Spur Foundation shares”	500 000 treasury shares donated to Spur Foundation by Share Buy-back in five tranches of 100 000 shares each over five years from 31 October 2014 and thereafter on each successive anniversary of that date;
“Spur Group”	Spur Group Proprietary Limited (Registration number 1999/011042/07), a private company incorporated in accordance with the laws of South Africa, a wholly owned subsidiary of Spur;
“Spur shareholders” or “shareholders”	all registered holders of Spur ordinary shares;
“Spur shares” or “ordinary shares” or “shares”	the ordinary shares in the capital of the company with a par value of R0.0001 cent each, which are listed on the JSE;
“Standard Bank”	The Standard Bank of South Africa Limited (Registration number 1962/000738/06), the financial institution providing the BEECo Standard Bank funding;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), the company operating the electronic settlement system for transactions that take place on the JSE and off-market transactions;
“subscription consideration”	the number of subscription shares to be issued to BEECo multiplied by the subscription price per share;
“subscription date”	subject to the fulfilment or waiver (if permitted), as the case may be, of the last of the suspensive conditions, five business days following such fulfilment or waiver, which is expected to be on or before 31 October 2014;
“subscription price”	2716 cents per subscription share, being an aggregate amount of R294.66 million in respect of all subscription shares;
“subscription shares”	10 848 093 new Spur shares, issued to BEECo by means of a specific issue of shares for cash at the subscription price on the subscription date, constituting 10% of the post B-BBEE transaction issued share capital of Spur;
“transactions”	The B-BBEE transaction, the share repurchase and the donation, referred to collectively;
“transfer secretaries”	Computershare Investor Services Proprietary Limited, (registration number 2004/003647/07);
“treasury shares”	Spur shares, currently held by Share Buy-back;



SPUR CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/000828/06)
Share code: SUR
ISIN: ZAE000022653

Directors

Executive:

A J Ambor (*Executive Chairman*)
P G van Tonder (*Chief Executive Officer*)
R van Dijk (*Chief Financial Officer*)
M Farrelly (*Chief Operating Officer*)

Directors

Non-executive:

K Getz
D D Hyde*
M Kuzwayo*
K A Madders
D Molefe*
M Morojele* (*Lead Independent Director*)

* Independent

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

In an announcement released on SENS on 31 July 2014, Spur shareholders were advised that Spur had entered into the B-BBEE transaction with GPI, by means of the BEECo agreements in terms of which, subject to the fulfilment or waiver, as the case may be, of the conditions precedent:

- 1.1 Spur will allot and issue the 10 848 093 subscription shares to BEECo, representing 10% of the total share capital of Spur post issuance, as a specific issue of shares for cash and for a total subscription price of R294.66 million;
- 1.2 The subscription price equates to an issue price of R27.16 per share which represents a 10.0% B-BBEE lock-in discount to the volume weighted average trading price of Spur shares on the JSE for the 90 trading days prior to 30 July 2014;
- 1.3 The B-BBEE transaction will be funded through a combination of cash and preference share funding by Standard Bank, Spur and GPI and will result in a net cash inflow of R222.33 million to Spur; Spur will fund 24.5% of the funding requirement for the B-BBEE transaction through a subscription for C class preference shares with a combined subscription value of R72.33 million in BEECo;
- 1.4 GPI and BEECo will be restricted from trading the subscription shares and GPI will be restricted from trading the BEECo shares, without the express permission of Spur for a period of five years from the effective date of the B-BBEE transaction. Both GPI and BEECo are required to maintain their B-BBEE credentials in terms of the Codes throughout the lock-in period and will be free to trade the subscription shares once the lock-in period has lapsed;
- 1.5 In terms of the BEECo agreements, Spur (or its nominee) will under certain circumstances, such as breach by GPI of its empowerment obligations to Spur, have the right to acquire some or all of the subscription shares during the lock-in period. This may result therein that Spur shall repurchase subscription shares by means of the specific repurchase;
- 1.6 In terms of the B-BBEE transaction GPI will, subject to compliance with the Listings Requirements and ratification by Spur shareholders, be entitled to nominate one non-executive director to the board of directors of Spur;
- 1.7 Spur will donate 100 000 treasury shares per annum for five consecutive years to Spur Foundation to provide it with the annuity income it needs to sustain its charitable activities; and
- 1.8 The B-BBEE transaction and the donation are independent of each other and not inter-conditional.

The purpose of this circular is to provide shareholders with details of the B-BBEE transaction, request shareholders to approve the specific issue to BEECo, the subscription for preference shares by Spur, the share repurchase and the donation, and to convene the meeting of shareholders required to implement the transactions.

2. THE B-BBEE TRANSACTION

2.1 Background

Spur is a growing multi-brand restaurant franchisor, head-quartered in Cape Town, and listed in the travel and leisure sector of the JSE. The Spur group franchises four table service sit down restaurant brands including Spur Steak Ranches, Panarottis Pizza Pasta, John Dory's Fish Grill Sushi and The Hussar Grill Steakhouse. Spur is also the franchisor of Captain DoRegos, a quick service convenience chain which it acquired in March 2012.

GPI is a Western Cape-based, broad-based black owned and controlled company historically focussed on non-operated investments in the South African hospitality and gaming industry. In recent years, GPI has also positioned itself to take advantage of high growth opportunities beyond this sector, particularly where there are strong synergies with existing investments, while maintaining a core focus on maximising the potential of new and existing hospitality related investments.

GPI currently holds investments in the following key assets:

- 25.1% of SunWest Proprietary Limited, the holding company of GrandWest Casino, the Table Bay Hotel and a minority interest in the Cape Town International Convention Centre;
- 25.1% of Golden Valley Casino and Hotel;
- 100.0% of GPI Slots – the Limited Payout Machine operated with Route Operator licences in the Western Cape, KwaZulu-Natal, Gauteng and Mpumalanga;
- 5.6% effective holding of Sibaya Casino;
- 91% of Burger King SA; and
- 65% of MacBrothers Catering Equipment Proprietary Limited.

GPI has entered into formal agreements to divest of its holding in SunWest Proprietary Limited and the Golden Valley Casino and Hotel, 70% of GPI Slots over a three year period and its entire 5.6% holding in Sibaya Casino.

2.2 Rationale

It is envisaged that the implementation of the B-BBEE transaction will improve Spur's B-BBEE credentials over the long-term and thereby ensure that it will continue to maintain its competitive advantage. The board of directors estimates that the B-BBEE shareholding post the B-BBEE transaction and the donation will be in excess of 10%. The B-BBEE transaction furthermore addresses the impact of legislative requirements.

The B-BBEE transaction is aimed at securing meaningful empowerment credentials for Spur which are necessary from a commercial perspective in obtaining trading and liquor licences from regulatory authorities, and in tendering for restaurant sites where property developers and landlords increasingly require both the franchisee and franchisor to meet B-BBEE requirements.

The B-BBEE transaction is also aimed at promoting the company's sustainability and ensuring that it remains relevant to all stakeholders, including its extensive middle market customer base spread across South Africa.

The directors of Spur believe that GPI is a true commercial partner in addition to being a B-BBEE shareholder. GPI has shown its commitment to the transaction and to the success of the relationship by investing in a sizeable shareholding in Spur, thereby aligning its interests with those of Spur.

As both companies operate in the food and hospitality industry there are potential synergies that can be gained, particularly in supply chain and product manufacture.

GPI is a well-established black owned and black managed company that has demonstrated its ability to contribute to community upliftment by empowering a broad base of beneficiaries at grassroots level.

2.3 Application of the subscription consideration

The B-BBEE transaction will result in a net cash inflow of R222.33 million to Spur. Spur intends to apply the proceeds of the BEECo issue towards enhancing its African support structure, seeking strategic acquisition opportunities in related businesses, expanding and upgrading the company's existing manufacturing facilities, the construction of additional head office building space and pursuing vertical integration of manufacturing facilities related to core products used in its restaurant operations.

2.4 Effective date

The effective date of the B-BBEE transaction will be the fifth business day following the fulfilment or waiver of the conditions precedent which are detailed in paragraph 8.1 below and is expected to be on or before 31 October 2014.

2.5 Warranties and Indemnities

The B-BBEE transaction and the BEECo agreements are subject to the warranties and indemnities that are normal for transactions of this nature.

3. THE BEECO AGREEMENTS

3.1 BEECo issue

Spur has entered into the BEECo agreements in terms of which, subject to the fulfilment or waiver, as the case may be, of certain conditions precedent, Spur will allot and issue 10 848 093 (ten million eight hundred and forty-eight thousand and ninety-three) new Spur shares to BEECo. The BEECo issue represents 10% of the total share capital of Spur post issuance. The total subscription price is R294.66 million, which equates to an issue price of 2716 cents per share and represents a 10% B-BBEE lock-in discount to the volume weighted average trading price of Spur shares on the JSE for the 90 trading days prior to 30 July 2014.

The subscription shares will be listed on the JSE with effect from the subscription date and will rank *pari passu* in all respects with the existing shares in issue.

The ordinary shareholder of BEECo is GPI.

The BEECo agreements contain warranties and indemnities that are normal for transactions of this nature.

As part of the B-BBEE transaction GPI will, subject to the Listings Requirements of the JSE and ratification by Spur shareholders, be entitled to nominate one non-executive director to the Spur board of directors.

3.2 The lock-in agreement

In terms of the lock-in agreement:

- 3.2.1 GPI and the BEECo will be restricted, without the express permission of Spur, from trading the subscription shares during the lock-in period of five years from the subscription date;
- 3.2.2 GPI will be restricted, without the express permission of Spur, from disposing of the BEECo shares during the lock-in period;
- 3.2.3 BEECo will be restricted from issuing any ordinary shares in its share capital to any party other than GPI;
- 3.2.4 Both GPI and BEECo are required to maintain their B-BBEE ownership credentials in terms of the B-BBEE Act and the Codes for the lock-in period, resulting therein that, *inter alia*, GPI is required to maintain a shareholding where 50% plus one share of GPI's ordinary shares are owned and exercisable by black persons;
- 3.2.5 GPI and BEECo will be free to trade the subscription shares once the five year period has lapsed.

3.3 Share repurchase rights

- 3.3.1 In terms of the lock-in agreement BEECo has the right, subject to the express permission of Spur, which permission may not unreasonably be withheld, to dispose of all, or some of the subscription shares under, *inter alia*, the following circumstances, collectively referred to as disposal events:
 - 3.3.1.1 BEECo's holding of the subscription shares results in a breach of GPI's joint venture or master franchise and development arrangements relating to the conduct of its business under the Burger King brand, *inter alia* in South Africa; or
 - 3.3.1.2 GPI or BEECo breach their obligation to Spur to maintain their B-BBEE ownership credentials and this breach is capable of remedy by a disposal of the subscription shares or an issue of shares in the issued share capital of BEECo to a third party which satisfies the B-BBEE ownership credentials; or
 - 3.3.1.3 any other event that Spur, GPI and BEECo agree in writing constitutes circumstances in which BEECo should be allowed to dispose of all or some of the subscription shares; or
 - 3.3.1.4 the disposal is to a subsidiary company of GPI; andin each of the above disposal events the acquiring party or GPI subsidiary meets the B-BBEE ownership credentials.
- 3.3.2 In terms of the lock-in agreement it would be unreasonable for Spur to withhold its express permission in respect of the disposal events unless the acquiring party is a competitor of Spur, any party who has a significant influence in a brand competing with Spur or any person who is a director or employee of a brand competing with Spur.
- 3.3.3 In terms of the preference share agreement, BEECo will be obliged, at Spur's election, to sell the subscription shares to a Spur entity, *inter alia*, under the following circumstances, collectively referred to as the default events:
 - 3.3.3.1 BEECo fails to perform any of its obligations in terms of the preference share agreement, including but not limited to, the payment of preference share dividends or the redemption value on the redemption date of the preference shares;
 - 3.3.3.2 BEECo becomes subject to a provisional or final liquidation order or takes any action which constitutes: an act of insolvency or which may result in liquidation; the commencement of business rescue proceedings; or a compromise, composition or arrangement with creditors;
 - 3.3.3.3 any of the assets of BEECo are subjected to judicial attachment, or BEECo fails to satisfy a judgement or award exceeding R5 million;
 - 3.3.3.4 BEECo and/or GPI breaches any of the covenants of the BEECo Standard Bank preference share agreement and fails to remedy such breach in the period permitted by that agreement; or
 - 3.3.3.5 BEECo and/or GPI breaches any other terms of the BEECo Standard Bank preference share agreement, any other agreement necessary to give effect to the BEECo Standard Bank preference share agreement or the BEECo agreements and fails to remedy such breach within 10 days of demand.
- 3.3.4 In the event of the occurrence of either a disposal event or a default event, the Spur entities shall have the right to repurchase all or some of the subscription shares at the share repurchase price as set out in 3.4 below or to effect the BEECo acquisition as set out in 3.4.2 below. These rights shall be subject to the restrictions imposed in terms of the ancillary agreement, which will apply for as long as any BEECo Standard Bank preference shares remain in issue or unredeemed.

- 3.3.5 In the event of the occurrence of certain remediable or unremediable breaches of the Standard Bank preference share agreement, the Spur entities shall, in terms of the provisions of the ancillary agreement, have the right to repurchase all or some of the subscription shares or to acquire the BEECo Standard Bank preference shares for the consideration as set out in 3.4 below.

3.4 The share repurchase

3.4.1 Disposal of subscription shares

- 3.4.1.1 In terms of the lock-in agreement:–

where BEECo shall be entitled to dispose of the subscription shares to an external third party during the lock-in period as contemplated in paragraph 3.3.1, the Spur entities shall have the right to repurchase all or some of the subscription shares on the same terms and conditions as detailed in a written offer by such external third party to BEECo, subject to shareholder approval to the extent required in terms of the Act and Listings Requirements.

- 3.4.1.2 In terms of the lock-in agreement:–

if the B-BBEE ownership requirement contemplated in 3.2.4 and 3.3.1.2 is not complied with and not remedied within 120 business days, BEECo will be deemed to have offered all the subscription shares to the Spur entities (“deemed offer”) and the price of the deemed offer will be calculated as set out in 3.4.1.4 below.

- 3.4.1.3 In terms of the preference share agreement:–

should a default event occur, BEECo will be deemed to have offered all the subscription shares to the Spur entities (“default offer”) and the price of the default offer will be calculated as set out in 3.4.1.4 below.

- 3.4.1.4 The price of the subscription shares repurchased in terms of the deemed and/or default offer will be calculated on a sliding scale of between 85% (if the breach occurs in the first year of the lock-in period) to 89% (if the breach occurs in the last year of the lock-in period) of the 90 day volume weighted average trading price of Spur shares on the JSE at the time.

- 3.4.1.5 In terms of the ancillary agreement:–

while any Standard Bank preference shares remain unredeemed, BEECo or the Spur entities (as the case may be) shall only be permitted to accept the external third party offer (as contemplated in 3.4.1.1), the deemed offer (as contemplated in 3.4.1.2) or the default offer (as contemplated in 3.4.1.3), or to exercise its rights to repurchase all or some of the subscription shares in terms of the ancillary agreement as set out in paragraph 3.3.5, if the proceeds received from the disposal will be sufficient to extinguish BEECo’s obligations in terms of the BEECo Standard Bank funding and related liabilities.

3.4.2 BEECo acquisition

In terms of the BEECo agreements, the Spur entities will, in each instance where it is able to acquire the subscription shares, be entitled to elect to acquire the BEECo shares from the holder thereof instead on similar commercial terms to those set out above. The price of the BEECo shares shall be determined by subtracting from the amount determined in accordance with 3.4.1.4 above, the fair value of outstanding BEECo preference shares and preference dividends and the fair value of BEECo’s liabilities and thereafter adding the fair value of BEECo’s assets at the time.

3.4.3 Acquisition of BEECo Standard Bank preference shares

Should the Spur entities exercise their rights to acquire the BEECo Standard Bank preference shares in terms of the ancillary agreement the purchase price shall be equal to an amount sufficient to extinguish BEECo’s obligations in terms of the BEECo Standard Bank funding and related liabilities.

3.4.4 Authorisations

The terms of the preference share agreement, lock-in agreement and ancillary agreement may result therein that the Spur entities shall be entitled to effect a specific repurchase of Spur shares. The potential share repurchase is subject thereto that a special resolution of Spur shareholders shall be passed at a general meeting to specifically authorise the Spur entities to repurchase up to a maximum of 10 848 093 of the subscription shares from BEECo.

BEECo is not currently a material shareholder of Spur and, in terms of the Listings Requirements, the lock-in agreement, ancillary agreement and the share repurchase are not classified as related party transactions.

3.4.5 Cancellation and termination of listing of a portion of the repurchase shares

The share repurchase may result therein that a maximum of 10 848 093 Spur shares are repurchased by the Spur entities. Such repurchase shares will be held as treasury shares to the extent allowed in terms of the Act. Should the number of shares to be repurchased, together with the number of shares already held in treasury by Spur, exceed 10% of the issued share capital of Spur at the time of such repurchase, any shares in excess of the allowance will, subject to all relevant regulatory approvals applicable at the time, be repurchased by Spur directly and cancelled and application will be made to terminate their listing on the JSE.

3.4.6 Regulatory requirements, solvency and liquidity

The share repurchase can and will only be implemented when all Listings Requirements and any other relevant statutory and regulatory requirements have been complied with, including but not limited to, the working capital and solvency and liquidity requirements of the JSE and the Act.

4. THE PROPOSED FINANCING OF THE B-BBEE TRANSACTION

- 4.1 The B-BBEE transaction will be funded through a combination of cash and preference share funding as follows:
- 4.1.1 Standard Bank will partially fund the B-BBEE transaction through a subscription for A class and B class preference shares in BEECo with a combined subscription value of R150.0 million, which subscription will be secured, *inter alia*, by a pledge and cession of the subscription shares and partial guarantees from GPI;
 - 4.1.2 Spur Group will fund 24.5% of the funding requirement for the B-BBEE transaction through a subscription for C class preference shares with a combined subscription value of R72.33 million in BEECo on the terms listed below;
 - 4.1.3 GPI will provide the balance of the funding required, being R72.33 million, from existing cash resources; and
 - 4.1.4 The B-BBEE Transaction will result in a net cash inflow of R222.33 million to Spur.
- 4.2 In terms of the preference share agreement between Spur and BEECo:
- 4.2.1 the preference shares subscription date shall be the date on which BEECo acquires the subscription shares from Spur, which is expected to be on or before 31 October 2014;
 - 4.2.2 the C Class preference shares will accrue dividends at a rate of 90% of the prevailing prime overdraft rate of interest and shall, subject to the terms of the ancillary agreement and preference share agreement, only be compulsorily payable on redemption of the preference shares;
 - 4.2.3 the C Class preference shares will be secured by a cession of BEECo's reversionary interest in the subscription shares, subsequent to being utilised to extinguish any liability arising from the BEECo Standard Bank preference shares;
 - 4.2.4 the redemption date of the preference shares shall be on the fifth anniversary of the subscription date, unless redeemed earlier in accordance with the preference share terms;
 - 4.2.5 BEECo shall have no right to defer, withhold or adjust any payment due to Spur Group;
 - 4.2.6 repayment of the preference shares shall be funded by BEECo out of dividends and other distributions received on the subscription shares and is governed by the MOI of BEECo including, without limitation, the preference share terms;
 - 4.2.7 BEECo shall not be entitled to cede any of its rights or delegate any of its obligations under the subscription agreement, preference share agreement or the lock-in agreement without the prior written consent of Spur;
 - 4.2.8 the C class preference shares will be subordinated to the BEECo Standard Bank A class and B class preference shares and the obligation on BEECo to make payment to Spur Group under the terms and conditions of the preference share agreement of any amount due to Spur Group shall therefore be subordinated to BEECo's obligation to make payment to Standard Bank and Standard Bank's rights to receive payment from BEECo in terms of the BEECo Standard Bank preference shares. The obligation on BEECo to make payment to Spur Group of any amount due to Spur Group shall be in preference and priority to the obligation to make payment to the holder of any other class of share in the capital of BEECo and the rights of any such holder to receive payment from BEECo (save in respect of the BEECo Standard Bank preference shares);
- 4.3 All of the components of the B-BBEE transaction are conditional upon one another.

5. FINANCIAL ASSISTANCE, SOLVENCY AND LIQUIDITY STATEMENT

In terms of section 45(3)(a)(ii) of the Act, a special resolution authorising Spur Group to provide direct or indirect financial assistance in terms of the preference share agreement to BEECo to directly or indirectly acquire Spur shares pursuant to the subscription agreement is required. This special resolution will be proposed at the general meeting.

After considering the terms of the B-BBEE transaction, the board is satisfied that subsequent to providing the financial assistance described above:

- 5.1 Spur and the group will be able to pay their debts as they become due in the ordinary course of business; and
- 5.2 the assets of Spur and the group, fairly valued, will be in excess of the liabilities of Spur and the group. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the group's latest audited consolidated annual financial statements. Furthermore, for this purpose, contingent liabilities have been accounted for as required in terms of section 4(2)(b)(i) of the Companies Act.

6. THE DONATION TO SPUR FOUNDATION

The donation and the B-BBEE transaction are independent of one another and therefore not inter-conditional. The terms and conditions of the donation are set out below:

6.1 Introduction

On 18 July 2012, in honour of Mandela Day, Spur established The Spur Foundation, with a cash donation of R670 000 from its wholly-owned subsidiary, Spur Group. The value of the donation not only resonated with the "give 67 minutes of your time" theme of Mandela Day – one minute for every year of Nelson Mandela's public service, but also recognised the founding of Spur in 1967.

The Spur Foundation supports initiatives that assist children in impoverished communities by administering feeding schemes and providing basic necessities and amenities. The Spur Foundation's motto is "Nourish, Nurture, Now!" and is premised on the principle that education is critical to the future economic transformation of the country – and children cannot learn if they are hungry. This also ties in with Spur's business and its existing alignment with FoodBank.

Current beneficiaries of the Spur Foundation include the Teddy Bear Clinic, Sisanda Fundaytion, Creating Change, Reach for a Dream, FoodBank, ten day care centres in Alexandra caring for more than 400 children (assisted by ASHA Trust), Solomon's Haven (a safe house in Mitchells Plain), and Durban Child and Youth Care Centre.

The Spur Foundation is a benevolent public benefit organisation and is in possession of a section 18A tax certificate. The original donation was a finite amount and whilst the group continues to make smaller donations to the Spur Foundation each year, its limited resources will soon run out. The intention is for the Spur Foundation to partner with its beneficiaries in order to provide on-going support and in order to do this, it needs annuity income.

6.2 Donation

As part of Spur's corporate social responsibility initiative, the board of directors of Spur has approved the donation of 100 000 treasury shares per annum for five consecutive years to the Spur Foundation in order to provide the Spur Foundation with the annuity income it needs to sustain its charitable activities.

The JSE has ruled that the issue of the 500 000 treasury shares to the Spur Foundation over five years constitutes a specific issue of shares but that the Spur Foundation is not a related party. As the Spur Foundation is controlled by its trustees who are directors of Spur the donated shares will continue to have no voting rights. The specific issue is subject to shareholder approval at a general meeting.

7. JSE LISTINGS REQUIREMENTS AND SHAREHOLDER APPROVAL

In terms of the JSE Listings Requirements, the BEECo issue is an issue of shares for cash to a public shareholder and requires approval of an ordinary resolution passed by a 75% majority of the votes cast by all ordinary shareholders at the general meeting.

In terms of sections 44 and 45 of the Act the proposed financial assistance to BEECo to acquire the subscription shares requires approval of a special resolution passed by a 75% majority of the votes cast by all ordinary shareholders at the general meeting.

In terms of the Act and the JSE Listing Requirements, the proposed share repurchase requires approval of a special resolution passed by a 75% majority of the votes cast by all ordinary shareholders at the general meeting.

In terms of the JSE Listings Requirements, the donation of the Spur Foundation shares has to comply with all provisions relating to a fresh issue of Spur shares and requires the approval of an ordinary resolution passed by 75% majority of votes cast by all ordinary shareholders at a general meeting.

8. CONDITIONS PRECEDENT

8.1 B-BBEE transaction

The B-BBEE transaction is subject to the fulfilment or waiver, as the case may be, of *inter alia*, the following outstanding conditions precedent, by no later than 31 October 2014:

- 8.1.1 that the requisite consent of the shareholders of the company is obtained at the general meeting, in respect of the subscription as contemplated in the JSE Listings Requirements;
- 8.1.2 that a special resolution as required in terms of section 45(3)(a)(ii) of the Act, authorising the financial assistance to be provided by Spur Group to BEECo is approved at the general meeting;
- 8.1.3 that the requisite consent of shareholders of the company is obtained at the general meeting, in respect of the share repurchase as contemplated in the Act and the JSE Listings Requirements;
- 8.1.4 registration of the MOI of BEECo by the Companies and Intellectual Property Commission; and
- 8.1.5 that GPI, acting reasonably, confirms in writing to Spur that it is satisfied that there has been no occurrence of any material adverse change within Spur.

8.2 Donation

The donation is subject only thereto that the requisite consent of the shareholders of the company is obtained at the general meeting as contemplated in the JSE Listings Requirements.

9. FINANCIAL INFORMATION

9.1 *Pro forma* financial effects

The table below illustrates the *pro forma* financial effects of the B-BBEE transaction and the donation based on the published results for the six-month period ended 31 December 2013. The preparation of the *pro forma* financial effects is the responsibility of the directors of Spur. The *pro forma* financial effects have been prepared for illustrative purposes only to provide information on how the transaction may have impacted on Spur's results and financial position and, due to the nature thereof, may not give a fair reflection of Spur's results and financial position. The reporting accountants' limited assurance report on the financial effects is set out in Annexure 2 to this circular.

	Before the B-BBEE transaction and donation	B-BBEE transaction	After B-BBEE transaction and donation	% Change
Gross number of shares in issue	97 632 833	10 848 093	108 480 926	11.1
Net number of shares in issue*	85 633 007	10 848 093	96 481 100	12.7
Weighted average number of shares in issue	85 633 007	10 848 093	96 481 100	12.7
Diluted weighted average number of shares in issue	85 633 007	10 848 093	96 481 100	12.7
Basic earnings per share (cents)	84.99		31.87	-62.5
Diluted earnings per share (cents)	84.99		31.87	-62.5
Headline earnings per share (cents)	85.14		32.01	-62.4
Diluted headline earnings per share (cents)	85.14		32.01	-62.4
Net asset value per share (cents)	594.06		831.30	39.9
Net tangible asset value per share (cents)	195.56		477.60	144.2

* Shares in issue less shares repurchased by a wholly-owned subsidiary company and share incentive special purpose entity.

Notes:

- The *pro forma* Statement of Comprehensive Income ("SOC") figures illustrate the possible financial effects as if the transactions had taken place on 1 July 2013.
- The *pro forma* Statement of Financial Position ("SOP") figures have been based on the assumption that the transactions had taken place on 31 December 2013.
- The "Before the B-BBEE transaction and donation" column is based on the published unaudited financial information of Spur for the six-month period ended 31 December 2013, as released on SENS on 27 February 2014.
- The "B-BBEE transaction" column relates to the following:
 - the subscription of 10 848 093 new Spur shares for cash by BEECo at a price of 2716 cents per share ("the BEECo issue"), comprising a 10% discount to the 90-day volume-weighted Spur share price as at 29 July 2014.
 - the financing by Spur of 24.5% of the subscription price of the BEECo issue, via a preference share subscription in BEECo, amounting to R72 327 951.
- Regarding the donation of 500 000 Spur shares (comprising 100 000 Spur shares per annum for five consecutive years) from wholly-owned subsidiary Share Buy-back (Pty) Ltd to The Spur Foundation Trust, an entity which is consolidated in accordance with IFRS10 – Consolidated financial statements, and in respect of which non-controlling interests are reflected as 100%:
 - it is assumed that there are no tax consequences to the donation of the shares in question.
 - the donation is eliminated on consolidation as it is intercompany from a group perspective and the shares will consequently continue to be reflected as treasury shares.

Consequently, there is no impact to the SOP at 31 December 2013 or the SOC for the period then ended and the financial effects of this transaction have therefore not been separately disclosed.
- The "After B-BBEE transaction and donation" column indicates the *pro forma* financial information after both the B-BBEE transaction and donation.
- The investment in preference shares in BEECo with a nominal value of R72 327 951 (which is the amount paid by Spur to BEECo) is initially recognised at fair value plus directly attributable transaction costs in accordance with IAS39 – Financial Instruments: Recognition and Measurement. Fair value determined in accordance with IFRS13 – Fair Value Measurement amounts to R72 327 951. The rate of dividends applicable to the preference shares is commensurate with similar transactions and is therefore considered market related. Consequently, the nominal value of the preference shares was determined to be equal to their fair value as at the date of initial recognition. B-BBEE transaction costs that are directly attributable to the acquisition of the preference shares amount to R285 000 (also see note 9 below), resulting in an aggregate carrying value on initial recognition of R72 612 951.
- The difference between the market value and the subscription price of the BEECo issue of R48 686 241 is recognised as a charge to profit or loss in accordance with IFRS2 – Share Based Payments, with a corresponding credit to equity. It is assumed that this charge will not be tax deductible.
- One-off transaction costs of R1 604 003 have been incurred in respect of the B-BBEE transaction. These include VAT (as Spur is not in a position to claim the related input tax credits) and have been assumed to be non-tax deductible. Of these amounts R285 000 have been included in the carrying value of the preference shares (refer note 7) and R1 033 889 are in respect of costs directly attributed to the BEECo issue and have been charged to equity (retained earnings) in accordance with IAS32 – Financial Instruments: Presentation. The balance of the costs have been charged to profit or loss.
- Interest of R5 777 540 on the net cash received on the proceeds of the issue of shares has been calculated at 5.1% nominal annual compounded monthly. This is the average rate of interest which the group earned on its short term deposits during the period. This interest is assumed to be taxable.

11. Dividends of R2 834 486 calculated on the preference shares has been calculated at 7.7%, being 90% of the prevailing prime overdraft rate of interest for the period, nominal annual compounded monthly. These dividends are assumed to be dividends for the purposes of tax and therefore exempt from tax, but are treated as finance income for the purposes of IFRS.
12. As a consequence of the directly attributable transaction costs being included in the carrying value on initial recognition of the preference shares referred to in note 7, the rate of return implicit in the carrying value of the preference shares on initial recognition is used to recognise subsequent finance income. Consequently, the finance income referred to in note 11 is reduced by an amount of R18 726.
13. Interest of R40 902 is estimated to have been lost in respect of the cash disbursed on the transaction costs. The interest is calculated based on an interest rate of 5.1% nominal annual compounded monthly. This is the average rate of interest which the group earned on its short term deposits during the period. The reduced interest is assumed to reduce taxable income.

9.2 Pro forma statement of comprehensive income and statement of financial position

The *pro forma* statement of comprehensive income and statement of financial position of Spur before and after the B-BBEE transaction and donation are set out in Annexure 1 to this circular.

The *pro forma* statement of comprehensive income and statement of financial position have been presented for illustrative purposes only to provide information on how the transaction may have impacted on Spur's results and financial position and, due to the nature thereof, may not give a fair reflection of Spur's results, financial position and changes in equity after the transactions. It has been assumed for purposes of the *pro forma* financial information that the transactions took place with effect from 1 July 2013 for statement of comprehensive income purposes and 31 December 2013 for statement of financial position purposes. The directors of Spur are responsible for the preparation of the *pro forma* statement of comprehensive income and statement of financial position.

The reporting accountants' report on the *pro forma* statement of comprehensive income and statement of financial position is set out in Annexure 2 to this circular.

10. INFORMATION RELATING TO THE COMPANY

10.1 Prospects

Economic uncertainty and sustained pressure on disposable income in the group's target markets are likely to remain for the foreseeable future. Spur, Panarottis, John Dory's and Captain DoRegos will continue to deliver excellent quality meals at a reasonable price, great service and an enjoyable family environment. The successful weekday promotions strategy and ability to capitalise on the momentum created in the breakfast market will be key in attracting and retaining customers and driving sales growth.

The purchase of the Western Cape-based The Hussar Grill chain, effective from 1 January 2014, has been welcomed by the Spur franchisees. The Hussar Grill, operating since 1964, provides a strong growth opportunity for the group with the potential for the chain to be expanded nationally.

The group will open at least a further five restaurants internationally while locally six Spur, five Panarottis, four John Dory's, three The Hussar Grill and eleven Captain DoRegos outlets will be opened by the end of the 2015 financial year. The planned international openings include additional franchised restaurants in Tanzania, Namibia, Swaziland and Australia.

10.2 Share capital

10.2.1 Authorised and issued share capital

The authorised and issued share capital of Spur, before and after the B-BBEE transaction, share repurchase and donation is set out below.

Before the B-BBEE transaction, share repurchase and donation		R
Authorised share capital before and after the transactions		
201 000 000 ordinary shares of 0.001 cents each		
Total authorised share capital		2 010
Issued share capital before the transactions		
97 632 833 ordinary shares of 0.001 cents each ¹		
Total issued share capital		976
Share premium		
On 97 632 833 ordinary shares of 0.001 cents each		
		6 762
Total share capital before the transactions		7 738
After the B-BBEE transaction		
Issued share capital after the B-BBEE transaction		
108 480 926 ordinary shares of 0.001 cents each ²		
Total issued share capital		1 085
Share premium		
On 108 480 926 ordinary shares of 0.001 cents each		
		294 662 556
Total share capital		294 663 641
After the B-BBEE transaction and donation		
Issued share capital after the B-BBEE transaction and donation		
108 480 926 ordinary shares of 0.001 cents each ²		
Total issued share capital		1 085
Share premium		
On 108 480 926 ordinary shares of 0.001 cents each		
		294 662 556
Total share capital		294 663 641
After the maximum share repurchase		
Issued share capital after the maximum repurchase		
97 632 833 ordinary shares of 0.001 cents each ²		
Total issued share capital		976
Share premium		
On 97 632 833 ordinary shares of 0.001 cents each		
		6 762
Total share capital		7 738

¹ Including 5 311 128 Spur shares currently held in treasury and 6 688 698 Spur shares held by The Spur Share Management Trust special purpose entity that is consolidated for financial reporting purposes only.

² Including 4 811 128 Spur shares held in treasury, 500 000 Spur shares held by the Spur Foundation that is consolidated for financial reporting purposes and 6 688 698 Spur shares held by The Spur Share Management Trust special purpose entity that is consolidated for financial reporting purposes only. All of these shares have no voting rights.

The company has not issued or cancelled any shares in the previous three years.

As at 30 June 2013, Spur had 2 846 public shareholders, holding 55 997 033 ordinary shares in the Company, representing 57.3% of Spur's issued shares.

10.2.2 Cancellation and termination of listing of repurchase shares

Spur shares acquired in terms of the share repurchase will be held as treasury shares in Share Buy-back to the extent allowed in terms of the Act and the Listings Requirements of the JSE. This will result in Spur holding 10% of its shares in issue through subsidiary companies as treasury shares, the maximum extent permissible in terms of the Act. To the extent that the amount of Spur shares acquired in terms of the share repurchase may exceed the permissible amount such repurchase shares will, subject to all regulatory approvals that may be applicable at that time, be repurchased directly by Spur and cancelled and application will be made to terminate their listings on the JSE.

10.3 Material changes

The directors report that there have been no material changes in the financial or trading position of the group between 15 September 2013, being the date of the last published audited financial results of the company for the year ended 30 June 2013 and the last practicable date.

10.4 Litigation

In the 2012 financial year Steak Ranches Limited ("SRL"), an unrelated entity incorporated and domiciled in Zambia, instituted legal action against a wholly owned subsidiary of the group, Steak Ranches International BV ("SRIBV"), a company incorporated and domiciled in the Netherlands, for allegedly repudiating a franchise agreement previously concluded between the parties, for a franchise outlet in Zambia, which was cancelled after SRL breached the terms of the franchise agreement. SRL is claiming special damages in the amount of US\$648 152, pecuniary damages in the amount of US\$4 236 041 and an unquantified amount of general damages arising out of the alleged repudiation, together with interests and costs. SRIBV is defending the action on the basis that it validly cancelled the franchise agreement as SRL was in breach thereof. The board is confident that SRIBV will be able to successfully defend the claim. No court date has been determined to date.

Other than as stated in this paragraph the directors of Spur are not aware of any other legal or arbitration proceedings (including any such proceedings that are pending or threatened), involving the group which may have, or have had, a material effect on the group's financial position during the last 12 months preceding the date of this circular.

10.5 Material contracts

Other than the BEECo agreements as described in this circular and as at the last practicable date, neither Spur nor its subsidiaries have entered into, either verbally or in writing, any restrictive funding agreements or any material contracts otherwise than in the ordinary course of the business carried on, or proposed to be carried on by the Spur group and either:

10.5.1 entered into within the two years prior to the date of this circular; or

10.5.2 entered into at any time and containing an obligation or settlement that is material to the Spur group at the date of this circular.

10.6 Share price history

The price history of Spur shares on the JSE is set out in Annexure 3 to this circular.

10.7 Directors

Name of director	Address	Designation	Curriculum Vitae
Allen Ambor (73) BA	14 Edison Way, Century Gate Business Park, Century City, Cape Town 8001	Executive Chairman	Allen opened the first Spur Steak Ranch in 1967. Today Allen is the custodian for all TV, radio and print advertisements for the group. He is involved in the interaction between Spur Group Marketing and the brand agencies and guides the board on issues that have substantive bearing on the future direction and strategy of the company.
Pierre van Tonder (55)	14 Edison Way, Century Gate Business Park, Century City, Cape Town 8001	Chief Executive Officer	Pierre joined the group in 1982 as a junior restaurant manager. He has held several senior management positions before being appointed as a director of Spur in 1992. Pierre was appointed as managing director in 1996 and as chief executive officer in 2012 and is responsible for the group's overall strategy and operations.
Mark Farrelly (50) BA	14 Edison Way, Century Gate Business Park, Century City, Cape Town 8001	Chief Operating Officer	Mark joined Spur in 1990 as an operations manager. He was appointed to the board in 1999 and appointed as chief operating officer in 2012. Mark is responsible for developing and implementing local group strategy.
Ronel van Dijk (42) B.Acc (Hons), CA(SA)	14 Edison Way, Century Gate Business Park, Century City, Cape Town 8001	Chief Financial Officer	Ronel joined Spur as group financial manager in 2003. In 2005 she was appointed as chief financial officer and company secretary and joined the board in 2006.
Keith Getz (58) BProc LLM	11th Floor No.1 Thibault Square Cape Town 8001	Non-executive Director	Keith is a practising attorney and a senior partner of Bernadt Vukic Potash & Getz. He was appointed to the board in 1991. Keith sits on the boards of Mr Price Group and various private companies.
Dean Hyde (47) B.Com (Legal) Canadian Chartered Accountants' Board Examination	Building C Sunnyside Office Park 2 Carse O'Gowrie Road Parktown 2193	Independent Non-executive Director	Dean joined Spur as financial manager and was the financial director of the group for 5 years. He was appointed as non-executive director in 2004. He is currently the chief financial officer of Lombard Insurance Limited.
Muzi Kuzwayo (46) B.Sc, MBA	23 Buffalo Road Emmerentia 2195	Independent Non-executive Director	Muzi is a visiting professor at UCT Graduate School of Business. He is the founding director of Ignitive, a marketing and advertising consulting company. He is an author and commentator on marketing and advertising. He was appointed to the board in 2008.
Keith Madders (66) B.Com (Econ)	Villa Plaisir Eden Roc Lane Pereybere Mauritius	Non-executive Director	Keith trained as an investment analyst before joining the music industry. He lectured and established various businesses and charitable organisations in the United Kingdom, where he was awarded an MBE in the Queen's 2002 Honours List for services to the Zimbabwe Trust.
Dineo Molefe (37) BCompt (Hons), MAcc, CA(SA), Advanced Management Program (Penn)	082 Vodacom Boulevard, Commercial Park, Ground Floor, Noordwyk, Midrand Gauteng 1682	Independent Non-executive Director	Dineo held various audit and finance positions at the Industrial Development Corporation, Eskom Holdings Limited and SizweNtsaluba VSP. She served as the group financial director of Thebe Investment Corporation (including as a director of several of that company's subsidiaries, associates and investee companies) for several years and is currently managing executive for financial planning and analysis at Vodacom. Dineo was appointed to the board in September 2013.
Mtungwa Morojele (55) CA (Lesotho), HNDipl (Bus), BBusAdmin, MAcc, MBA	39 Sandpiper Crescent Tableview Cape Town 7441	Lead Independent Director, Non-executive Director	Mtungwa has established and managed various companies including Briske Performance Solutions and Motebong Tourism Investment Holdings Proprietary Limited. He has served on the boards of Grey Security Services Limited and UCS Group Limited. He was appointed to the Spur board in 2010 and was appointed as lead independent director on 1 March 2011.

10.8 Directors' interest in transactions

None of the directors have any material beneficial interest, whether direct or indirect, in any transaction effected by the company during the current or immediately preceding financial year, or during an earlier financial year and which remains in any respect outstanding or unperformed. No director of the company has resigned during the last 18 months.

Directors are currently trustees of the Spur Foundation.

There will be no variation in the remuneration of the directors as a result of the transactions.

10.9 Directors' interests in securities

At 30 June 2013 the directors held, directly and indirectly, interests in the company's issued ordinary share capital as reflected below:

	Direct beneficial	Indirect beneficial	Total	% before B-BBEE transaction ¹	Number after B-BBEE transaction	% after B-BBEE transactions ²
Allen Ambor	3 086 685	464 609	3 551 294	3.64	3 551 294	3.27
Ronel van Dijk	73 244	–	73 244	0.08	73 244	0.07
Keith Madders	–	1 112 022	1 112 022	1.14	1 112 022	1.03
Keith Getz	2 491	–	2 491	–	2 491	–
Total	3 162 420	1 576 631	4 739 051	4.86	4 739 051	4.37

¹ 97 632 833 Spur shares in issue including shares held in treasury by Share Buy-back.

² 108 480 926 Spur shares in issue.

There have been no changes in the directors' interests between the date of the last published annual financial statements of the company and the last practicable date.

10.10 Major shareholders

According to the information available to the company at the last practicable date, the following shareholders, other than directors of the company, either directly or indirectly, is beneficially interested in 5% or more of the issued share capital of the company:

Shareholder	Number of shares before B-BBEE transaction	% ¹	Number of shares after B-BBEE transaction	% ²
Allan Gray	13 936 277	14.27	13 936 277	12.85
GPI	–	–	10 848 093	10.00
Investec	9 873 769	10.11	9 873 769	9.10
Coronation Fund Managers	8 838 029	9.05	8 838 029	8.15
Brown Brothers Harriman (Custodian)	7 036 953	7.21	7 036 953	6.49
Spur Management Share Trust	6 688 698	6.85	6 688 698	6.17

¹ 97 632 833 Spur shares in issue including shares held in treasury by Share Buy-back.

² 108 480 926 Spur shares in issue.

10.11 Corporate governance

Please refer to Annexure 4 to this circular

11. TRANSACTION EXPENSES

The estimated cost of concluding and implementing the B-BBEE transaction is approximately R1 407 000 (costs are exclusive of VAT) and include the following:

	Amount (R) '000
Legal advisors – Bernadt Vukic Potash & Getz	500
Reporting accountants – KPMG	50
JSE documentation fee	31
JSE listing fee	126
Sponsor – Sasfin Capital	350
Accounting advisory fees – various	250
Printing and publishing – Greymatter & Finch	100
Total	1 407

12. OPINIONS AND RECOMMENDATIONS

The directors have considered the rationale and the terms and conditions of the B-BBEE transaction and share repurchase and are of the opinion that the B-BBEE transaction and share repurchase is beneficial to the company and unanimously recommend that the B-BBEE transaction and share repurchase be entered into. The directors have also considered the rationale and the terms and conditions of the donation and are of the opinion that it is beneficial to the company and unanimously recommend that the donation is entered into. The directors unanimously recommend that shareholders vote in favour of the resolutions to implement the transactions at the general meeting.

All of the directors who hold Spur shares and are able to vote at the general meeting intend to vote in favour of the resolutions required to implement the B-BBEE transaction, share repurchase and the donation.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The directors whose names are given in paragraph 10.7 above, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted that 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 Listings Requirements of the JSE.

14. CONSENTS

Each of the reporting accountants, legal advisers and sponsor have consented in writing to act in the capacity stated and to their names being stated in this circular and have not withdrawn their consent prior to the issue of this circular.

The independent reporting accountants have consented in writing to the inclusion of their report in this circular in the form and context in which it appears and have not withdrawn such consent prior to the publication of this circular.

15. GENERAL MEETING AND ACTION REQUIRED

A notice convening a general meeting of the company is contained in this circular, as well as a form of proxy for those shareholders who will be unable to attend the general meeting, but wish to be represented thereat. The meeting will be held at 08:30 on Friday, 3 October 2014 at 14 Edison Way, Century Gate Business Park, Century City, Cape Town.

In terms of the JSE Listing Requirements, the specific issues of shares for cash to BEECo, the proposed financial assistance, the share repurchase and the donation requires approval of special and ordinary resolutions passed by a 75% majority of the votes cast by all ordinary shareholders.

Certificated or own name dematerialised shareholders who are unable to attend the general meeting but wish to be represented thereat are required to complete and return the form of proxy so as to be received by the transfer secretaries of the company, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by 08:30 on Thursday, 2 October 2014.

In terms of the custody agreements entered into by dematerialised shareholders and their CSDPs or stockbrokers:

- dematerialised shareholders, other than own name shareholders, who wish to attend the general meeting must instruct their CSDP or stockbroker to issue them with the necessary letter of representation to attend the general meeting;
- dematerialised shareholders, other than own name shareholders, who wish to be represented at the general meeting by way of proxy must provide their CSDP or stockbroker with their voting instructions by the cut-off time or date advised by their CSDP or stockbroker for transactions of this nature.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on business days (excluding Saturdays, Sundays and public holidays) at the registered office of Spur and its Sponsor at the addresses that appear on the inside front cover of this circular, from 4 September 2014 to 3 October 2014:

- the Memoranda of Incorporation of Spur and its subsidiaries;
- the Memorandum of Incorporation of BEECo;
- the subscription agreement, lock-in agreement and ancillary agreement;
- the preference share subscription agreement;
- the BEECo Standard Bank preference share agreement;
- the donation agreement;
- the audited financial statements of the group for the three years ended 30 June 2013;
- the unaudited condensed consolidated results of the group for the six months ended 31 December 2013;
- the *pro forma* financial information of Spur;
- the report of the independent reporting accountants on the *pro forma* financial information of Spur;
- the consent letters of the advisors to the company; and
- a signed copy of this circular.

By order of the board

Cape Town

4 September 2014

PRO FORMA FINANCIAL INFORMATION OF SPUR

The *pro forma* statement of comprehensive income and statement of financial position have been presented for illustrative purposes only to provide information on how the transaction may have impacted on Spur's results and financial position and, due to the nature thereof, may not give a fair reflection of Spur's results, financial position and changes in equity after the transactions. It has been assumed for purposes of the *pro forma* financial information that the transaction took place with effect from 1 July 2013 for statement of comprehensive income purposes and 31 December 2013 for statement of financial position purposes. The directors of Spur are responsible for the preparation of the *pro forma* statement of comprehensive income and statement of financial position.

The reporting accountants' report on the *pro forma* statement of comprehensive income and statement of financial position is set out in Annexure 2 to this circular.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Before B-BBEE transaction and donation ^{2, 3}	B-BBEE transaction ^{4, 5}	After B-BBEE transaction and donation ⁶
ASSETS			
Non-current assets	447 299	72 613	519 912
Property, plant and equipment	80 495	–	80 495
Intangible assets and goodwill	324 166	–	324 166
Investments and loans	16 142	72 613 ⁷	88 755
Deferred tax	11 603	–	11 603
Leasing rights	5 483	–	5 483
Derivative financial asset	9 410	–	9 410
Current assets	286 045	220 724	506 769
Inventories	13 512	–	13 512
Tax receivable	9 682	–	9 682
Trade and other receivables	103 612	–	103 612
Derivative financial asset	19 315	–	19 315
Cash and cash equivalents	139 924	220 724 ⁹	360 648
TOTAL ASSETS	733 344	293 337	1 026 681
EQUITY			
Total equity	508 712	293 337	802 049
Ordinary share capital	1	–	1
Share premium	6	294 656	294 662
Shares repurchased by subsidiaries	(77 235)	–	(77 235)
Foreign currency translation reserve	29 303	–	29 303
Retained earnings	560 883	(1 319) ⁹	559 564
Total equity attributable to equity holders of the parent	512 958	293 337	806 295
Non-controlling interest	(4 246)	–	(4 246)
LIABILITIES			
Non-current liabilities	81 579	–	81 579
Long-term loans payable	459	–	459
Employee benefits	6 021	–	6 021
Operating lease liability	3 564	–	3 564
Deferred tax	71 535	–	71 535
Current liabilities	143 053	–	143 053
Bank overdrafts	2 147	–	2 147
Tax payable	2 390	–	2 390
Trade and other payables	122 810	–	122 810
Employee benefits	15 334	–	15 334
Shareholders for dividend	372	–	372
TOTAL EQUITY AND LIABILITIES	733 344	293 337	1 026 681

NOTES

1. The *pro forma* Statement of Comprehensive Income (“SOCl”) figures illustrate the possible financial effects as if the transactions had taken place on 1 July 2013.
2. The *pro forma* Statement of Financial Position (“SOFP”) figures have been based on the assumption that the transactions had taken place on 31 December 2013.
3. The *pro forma* SOCl and SOFP “Before the B-BBEE transaction and donation” columns are based on the published unaudited financial information of Spur for the six-month period ended 31 December 2013, as released on SENS on 27 February 2014.
4. the “B-BBEE transaction” column relates to the following:
 - the subscription of 10 848 093 new Spur shares for cash by BEECo at a price of 2716 cents per share (“the BEECo issue”), comprising a 10% discount to the 90-day volume-weighted Spur share price as at 29 July 2014.
 - the financing by Spur of 24.5% of the subscription price of the BEECo issue, via a preference share subscription in BEECo, amounting to R72 327 951.
5. Regarding the donation of 500 000 Spur shares (comprising 100 000 Spur shares per annum for five consecutive years) from wholly-owned subsidiary Share Buy-back (Pty) Ltd to The Spur Foundation Trust, an entity which is consolidated in accordance with IFRS 10 – Consolidated financial statements, and in respect of which non-controlling interests are reflected as 100%:
 - it is assumed that there are no tax consequences to the donation of the shares in question.
 - the donation is eliminated on consolidation as it is intercompany from a group perspective and the shares will consequently continue to be reflected as treasury shares.Consequently, there is no impact to the SOFP at 31 December 2013 or the SOCl for the period then ended and the financial effects of this transaction have therefore not been separately disclosed.
6. The “After B-BBEE transaction and donation” column indicates the *pro forma* financial information after both the B-BBEE transaction and donation.
7. The investment in preference shares in BEECo with a nominal value of R72 327 951 (which is the amount paid by Spur to BEECo) is initially recognised at fair value plus directly attributable transaction costs in accordance with IAS39 – Financial Instruments: Recognition and Measurement. Fair value determined in accordance with IFRS13 – Fair Value Measurement amounts to R72 327 951. The rate of dividends applicable to the preference shares is commensurate with similar transactions and is therefore considered market related. Consequently, the nominal value of the preference shares was determined to be equal to their fair value as at the date of initial recognition. B-BBEE transaction costs that are directly attributable to the acquisition of the preference shares amount to R285 000 (see also note 9 below), resulting in an aggregate carrying value on initial recognition of R72 612 951.
8. The difference between the market value and the subscription price of the BEECo issue of R48 686 241 is recognised as a charge to profit or loss in accordance with IFRS2 – Share Based Payments, with a corresponding credit to equity. It is assumed that this charge will not be tax deductible.
9. One-off transaction costs of R1 604 003 have been incurred in respect of the B-BBEE transaction. These include VAT (as Spur is not in a position to claim the related input tax credits) and have been assumed to be non-tax deductible. Of these amounts R285 000 have been included in the carrying value of the preference shares (refer note 7) and R1 033 889 are in respect of costs directly attributed to the BEECo issue and have been charged to equity (retained earnings) in accordance with IAS32 – Financial Instruments: Presentation. The balance of the costs have been charged to profit or loss.
10. Interest of R5 777 540 on the net cash received on the proceeds of the issue of shares has been calculated at 5.1% nominal annual compounded monthly. This is the average rate of interest which the group earned on its short term deposits during the period. This interest is assumed to be taxable.
11. Dividends of R2 834 486 calculated on the preference shares has been calculated at 7.7%, being 90% of the prevailing prime overdraft rate of interest for the period, nominal annual compounded monthly. These dividends are assumed to be dividends for the purposes of tax and therefore exempt from tax, but are treated as finance income for the purposes of IFRS.
12. As a consequence of the directly attributable transaction costs being included in the carrying value on initial recognition of the preference shares referred to in note 7, the rate of return implicit in the carrying value of the preference shares on initial recognition is used to recognise subsequent finance income. Consequently, the finance income referred to in note 11 is reduced by an amount of R18 726.
13. Interest of R40 902 is estimated to have been lost in respect of the cash disbursed on the transaction costs. The interest is calculated based on an interest rate of 5.1% nominal annual compounded monthly. This is the average rate of interest which the group earned on its short term deposits during the period. The reduced interest is assumed to reduce taxable income.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Before the B-BBEE transaction and donation ^{1,3}	B-BBEE transaction ^{4,5}	After B-BBEE transaction and donation ⁶
Revenue	375 988	–	375 988
Operating profit before finance income	101 176	(48 971) ^{8,9}	52 205
Net finance income	3 590	8 552 ^{10,11,12,13}	12 142
Profit before income tax	104 766	(40 419)	64 347
Income tax expense	(31 183)	(1 606) ^{10,13}	(32 789)
Profit for the year	73 583	(42 025)	31 558
Other comprehensive income*	10 602	–	10 602
Total comprehensive income for the year	84 185	(42 025)	42 160
Profit attributable to:			
Owners of the company	72 777	(42 025)	30 752
Non-controlling interest	806	–	806
Profit for the year	73 583	(42 025)	31 558
Total comprehensive income attributable to:			
Owners of the company	83 446	(42 025)	41 421
Non-controlling interest	739	–	739
Total comprehensive income for the year	84 185	(42 025)	42 160

* All items included in other comprehensive income are items that are or may be reclassified to profit or loss.

RECONCILIATION OF HEADLINE EARNINGS

	Before the B-BBEE transaction and donation ^{1,3}	B-BBEE transaction ^{4,5}	After B-BBEE transaction and donation ⁶
Profit attributable to ordinary shareholders	72 777	(42 025)	30 752
Headline earnings adjustments:			
Bargain purchase gain	(45)	–	(45)
Loss/(profit) on disposal of property, plant and equipment (net of tax)	172	–	172
Headline earnings	72 904	(42 025)	30 879

SUPPLEMENTARY INFORMATION

	Before the B-BBEE transaction and donation ^{1,3}	B-BBEE transaction ^{4,5}	After B-BBEE transaction and donation ⁶	% Change
Gross number of shares in issue	97 632 833	10 848 093 ^{4,5}	108 480 926	11.1
Net number of shares in issue*	85 633 007	10 848 093 ^{4,5}	96 481 100	12.7
Weighted average number of shares in issue	85 633 007	10 848 093 ^{4,5}	96 481 100	12.7
Diluted weighted average number of shares in issue	85 633 007	10 848 093 ^{4,5}	96 481 100	12.7
Basic earnings per share (cents)	84.99		31.87	-62.5
Diluted earnings per share (cents)	84.99		31.87	-62.5
Headline earnings per share (cents)	85.14		32.01	-62.4
Diluted headline earnings per share (cents)	85.14		32.01	-62.4
Net asset value per share (cents)	594.06		831.30	39.9
Net tangible asset value per share (cents)	195.56		477.60	144.2

* Shares in issue less shares repurchased by a wholly-owned subsidiary company and share incentive special purpose entity.

NOTES

1. The *pro forma* Statement of Comprehensive Income (“SOCl”) figures illustrate the possible financial effects as if the transactions had taken place on 1 July 2013.
2. The *pro forma* Statement of Financial Position (“SOFP”) figures have been based on the assumption that the transactions had taken place on 31 December 2013.
3. The *pro forma* SOCl and SOFP “Before B-BBEE transaction and donation” columns are based on the published unaudited financial information of Spur for the six-month period ended 31 December 2013, as released on SENS on 27 February 2014.
4. The “B-BBEE transaction” column relates to the following:
 - the subscription of 10 848 093 new Spur shares for cash by BEECo at a price of 2716 cents per share (“the BEECo issue”), comprising a 10% discount to the 90-day volume-weighted Spur share price as at 29 July 2014.
 - the financing by Spur of 24.5% of the subscription price of the BEECo issue, via a preference share subscription in BEECo, amounting to R72 327 951.
5. Regarding the donation of 500 000 Spur shares (comprising 100 000 Spur shares per annum for five consecutive years) from wholly-owned subsidiary Share Buy-back (Pty) Ltd to The Spur Foundation Trust, an entity which is consolidated in accordance with IFRS 10 – Consolidated financial statements, and in respect of which non-controlling interests are reflected as 100%:
 - it is assumed that there are no tax consequences to the donation of the shares in question.
 - the donation is eliminated on consolidation as it is intercompany from a group perspective and the shares will consequently continue to be reflected as treasury shares.Consequently, there is no impact to the SOFP at 31 December 2013 or the SOCl for the period then ended and the financial effects of this transaction have therefore not been separately disclosed.
6. The “After B-BBEE transaction and donation” column indicates the *pro forma* financial information after both the B-BBEE transaction and donation.
7. The investment in preference shares in BEECo with a nominal value of R72 327 951 (which is the amount paid by Spur to BEECo) is initially recognised at fair value plus directly attributable transaction costs in accordance with IAS39 – Financial Instruments: Recognition and Measurement. Fair value determined in accordance with IFRS13 – Fair Value Measurement amounts to R72 327 951. The rate of dividends applicable to the preference shares is commensurate with similar transactions and is therefore considered market related. Consequently, the nominal value of the preference shares was determined to be equal to their fair value as at the date of initial recognition. B-BBEE transaction costs that are directly attributable to the acquisition of the preference shares amount to R285 000 (also see note 9 below), resulting in an aggregate carrying value on initial recognition of R72 612 951.
8. The difference between the market value and the subscription price of the BEECo issue of R48 686 241 is recognised as a charge to profit or loss in accordance with IFRS2 – Share Based Payments, with a corresponding credit to equity. It is assumed that this charge will not be tax deductible.
9. One-off transaction costs of R1 604 003 have been incurred in respect of the B-BBEE transaction. These include VAT (as Spur is not in a position to claim the related input tax credits) and have been assumed to be non-tax deductible. Of these amounts R285 000 have been included in the carrying value of the preference shares (refer note 7) and R1 033 889 are in respect of costs directly attributed to the BEECo issue and have been charged to equity (retained earnings) in accordance with IAS32 – Financial Instruments: Presentation. The balance of the costs have been charged to profit or loss.
10. Interest of R5 777 540 on the net cash received on the proceeds of the issue of shares has been calculated at 5.1% nominal annual compounded monthly. This is the average rate of interest which the group earned on its short term deposits during the period. This interest is assumed to be taxable.
11. Dividends of R2 834 486 calculated on the preference shares has been calculated at 7.7%, being 90% of the prevailing prime overdraft rate of interest for the period, nominal annual compounded monthly. These dividends are assumed to be dividends for the purposes of tax and therefore exempt from tax, but are treated as finance income for the purposes of IFRS.
12. As a consequence of the directly attributable transaction costs being included in the carrying value on initial recognition of the preference shares referred to in note 7, the rate of return implicit in the carrying value of the preference shares on initial recognition is used to recognise subsequent finance income. Consequently, the finance income referred to in note 11 is reduced by an amount of R18 726.
13. Interest of R40 902 is estimated to have been lost in respect of the cash disbursed on the transaction costs. The interest is calculated based on an interest rate of 5.1% nominal annual compounded monthly. This is the average rate of interest which the group earned on its short term deposits during the period. The reduced interest is assumed to reduce taxable income.

REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

The Directors
Spur Corporation Limited
PO Box 166
Century City
7446

4 September 2014

Report on the Compilation of the *Pro forma* Financial Information

The definitions commencing on page 3 of the Circular have been used in this report.

We have completed our assurance engagement to report ("Report") on the compilation of the *pro forma* profit and diluted profit, net asset value and net tangible asset value per Spur share, *pro forma* statement of financial position of Spur, the *pro forma* statement of comprehensive income of Spur and the related notes, (collectively "*Pro forma* Financial Information"). The *Pro forma* Financial Information is set out in paragraph 9 and Annexure 1 of the Circular.

The *Pro forma* Financial Information has been compiled by the directors of Spur to illustrate the impact of the implementation of a Broad-Based Black Economic Empowerment transaction ("the Transaction") as detailed in the Circular on Spur's financial position and changes in equity as at 31 December 2013 and Spur's financial performance for the period ended 31 December 2013.

As part of this process, Spur's *pro forma* profit and diluted profit, statement of comprehensive income and statement of financial position have been extracted by the Directors from Spur's published unaudited interim financial results for the period ended 31 December 2013 ("Published Financial Information"). In addition, the Directors have calculated the net asset value and net tangible asset value per share as at 31 December 2013 based on financial information extracted from the Published Financial Information.

Directors' Responsibility for the *Pro forma* Financial Information

The Directors are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2012 ("Applicable Criteria").

Reporting Accountants' Responsibility

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the *Pro forma* Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in the Circular is solely to illustrate the impact of the Amendments on the unadjusted Published Financial Information as if the Amendments had been undertaken on 1 July 2013 for purposes of the *pro forma* profit, diluted profit and headline and profit per Spur share and the *pro forma* statement of comprehensive income and on 31 December 2013 for purposes of the net asset value and net tangible asset value per share and statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Amendments, subsequent to its implementation, will be as presented in the *Pro forma* Financial Information.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors in the compilation of the *Pro forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Amendments and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The *Pro forma* Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of Spur, the transaction in respect of which the *Pro forma* Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2012.

Yours faithfully
KPMG Inc.

Per BR Heuvel
Chartered Accountant (SA)
Director

SHARE PRICE HISTORY OF SPUR

DATE	HIGH	LOW	CLOSE	VOLUME	VALUE
Quarterly	(ZAR)	(ZAR)	(ZAR)		(ZAR)
June 2014	33.10	26.51	32.27	3 196 027	9 590 944 000
March 2014	33.83	26.97	28.50	9 294 813	28 726 370 000
December 2013	31.75	26.58	29.41	6 901 996	20 797 090 000
September 2013	33.46	26.29	30.39	4 837 666	15 140 000 000
June 2013	31.30	24.55	26.38	8 842 314	25 745 020 000
March 2013	28.60	21.36	28.30	4 975 324	13 187 060 000
December 2012	24.57	19.68	21.55	8 127 393	18 486 310 000
September 2012	20.59	15.72	20.35	8 036 915	15 008 920 000
June 2012	17.04	14.33	16.55	3 612 388	5 969 644 000
March 2012	15.80	13.54	15.21	3 934 132	6 149 065 000
December 2011	14.22	11.15	14.17	10 465 697	14 995 730 000
September 2011	12.32	11.26	11.44	4 559 997	6 074 917 000
Monthly					
July 2014	33.25	29.00	31.32	1 589 591	4 934 171 000
June 2014	33.10	30.00	32.27	893 840	2 836 303 000
May 2014	31.10	29.00	31.00	819 877	2 463 750 000
April 2014	31.75	26.51	30.00	1 482 310	4 290 892 000
March 2014	29.50	26.98	28.50	2 753 500	8 028 270 000
February 2014	33.83	28.93	29.37	4 162 861	13 318 360 000
January 2014	31.21	28.55	30.70	2 378 452	7 379 735 000
December 2013	31.16	26.97	29.41	1 646 584	4 769 684 000
November 2013	31.67	28.59	29.42	2 267 240	7 018 528 000
October 2013	31.75	26.59	31.38	2 988 172	9 008 875 000
September 2013	32.45	29.13	30.39	1 507 137	4 757 719 000
August 2013	33.47	29.13	31.45	1 787 179	5 940 814 000
Daily					
2014/08/22	29.87	28.59	29.00	70 858	209 623 500
2014/08/21	29.59	27.75	29.59	32 363	93 509 490
2014/08/20	29.53	29.31	29.45	80 177	236 123 400
2014/08/19	30.00	29.62	29.62	6 761	20 232 090
2014/08/18	30.30	29.94	30.07	7 026	21 211 860
2014/08/15	30.14	29.30	29.50	10 535	31 229 080
2014/08/14	30.20	29.26	29.98	30 670	90 884 550
2014/08/13	30.55	28.56	30.25	36 648	110 268 900
2014/08/12	31.14	30.60	30.83	32 620	100 667 400
2014/08/11	31.40	31.11	31.20	29 860	93 199 730
2014/08/07	0.00	0.00	0.00	0	0
2014/08/06	31.60	31.00	31.50	42 270	133 075 300
2014/08/05	31.81	31.50	31.50	31 961	101 313 500
2014/08/04	31.81	31.50	31.50	231 268	728 504 100
2014/08/01	31.92	31.09	31.50	10 591	33 375 920
2014/07/31	31.97	30.60	31.32	49 856	157 057 800
2014/07/30	32.00	31.00	31.10	18 429	57 941 790
2014/07/29	31.90	31.50	31.65	31 882	100 793 400
2014/07/28	31.90	30.25	31.50	40 202	126 050 100
2014/07/25	30.78	30.30	30.60	191 209	583 208 900
2014/07/24	30.60	30.01	30.60	38 573	117 517 700
2014/07/23	30.90	30.30	30.43	213 021	649 726 600
2014/07/22	31.49	30.01	30.55	314 641	959 424 800
2014/07/21	31.84	30.16	31.00	19 500	60 272 050
2014/07/18	30.39	29.02	30.14	25 802	77 715 960
2014/07/17	30.51	30.10	30.50	11 997	36 571 250
2014/07/16	31.00	30.05	30.50	16 864	51 380 330
2014/07/15	31.50	29.73	30.80	39 713	122 405 700
2014/07/14	31.02	30.36	30.91	21 262	65 324 390

DATE Quarterly	HIGH (ZAR)	LOW (ZAR)	CLOSE (ZAR)	VOLUME	VALUE (ZAR)
2014/07/11	31.77	30.57	30.57	2 070	6 406 280
2014/07/10	31.00	30.30	31.00	5 486	16 775 690
2014/07/09	31.50	29.00	30.70	91 440	280 362 000
2014/07/08	31.20	30.23	30.61	48 258	149 185 000
2014/07/07	31.50	31.27	31.50	8 684	27 233 870
2014/07/04	31.84	31.09	31.16	22 047	69 206 980
2014/07/03	32.60	31.73	31.80	337 565	1 084 629 000
2014/07/02	33.25	32.30	32.30	36 529	120 219 900
2014/07/01	32.71	31.85	32.71	4 561	14 761 420
2014/06/30	33.00	32.00	32.27	27 374	89 832 510
2014/06/27	33.00	30.50	32.27	58 760	190 143 400
2014/06/26	33.10	30.09	31.00	106 778	329 011 500
2014/06/25	30.80	30.00	30.74	13 902	42 540 120
2014/06/24	31.20	30.50	30.50	58 997	182 817 800
2014/06/23	31.20	30.78	31.00	21 162	65 598 200
2014/06/20	31.65	30.67	31.65	58 245	181 350 500
2014/06/19	32.19	31.21	31.21	69 425	221 378 800
2014/06/18	32.31	32.00	32.31	29 854	95 617 730
2014/06/17	32.50	31.21	32.02	95 640	310 533 500
2014/06/16	0.00	0.00	0.00	0	0
2014/06/13	33.03	32.35	32.50	29 508	96 106 180
2014/06/12	33.00	32.41	32.97	37 884	123 968 300
2014/06/11	32.59	32.06	32.42	46 735	151 181 100
2014/06/10	32.41	31.40	32.00	12 470	39 935 800
2014/06/09	32.20	30.00	31.75	8 955	27 912 760
2014/06/06	32.61	31.98	32.23	21 802	70 400 640
2014/06/05	32.25	31.63	32.25	11 507	37 006 640
2014/06/04	32.25	31.17	32.25	25 401	81 315 450
2014/06/03	32.00	31.50	31.90	66 486	212 050 400
2014/06/02	31.50	30.00	31.50	92 955	287 601 500
2014/05/30	31.10	30.00	31.00	177 868	549 890 900
2014/05/29	30.60	30.00	30.60	21 121	64 054 440
2014/05/28	30.60	30.30	30.33	48 068	146 162 000
2014/05/27	30.38	29.90	30.30	23 518	70 948 420
2014/05/26	30.10	29.80	30.00	37 707	112 830 800
2014/05/23	29.89	29.30	29.80	22 272	65 889 790
2014/05/22	30.10	29.70	29.85	7 386	22 130 340
2014/05/21	30.00	29.50	29.99	39 175	117 019 000
2014/05/20	29.71	29.05	29.65	58 828	173 145 700
2014/05/19	30.40	29.64	29.65	50 433	150 943 900
2014/05/16	30.50	29.25	30.00	50 097	149 315 800
2014/05/15	30.80	29.96	30.29	26 697	80 696 100
2014/05/14	30.50	29.99	30.50	18 514	56 022 620
2014/05/13	30.00	29.65	29.99	8 960	26 632 020
2014/05/12	29.83	29.00	29.65	51 414	151 452 500
2014/05/09	29.77	29.65	29.65	3 889	11 565 480
2014/05/08	29.98	29.52	29.88	11 343	33 924 510
2014/05/07	0.00	0.00	0.00	0	0
2014/05/06	29.95	29.28	29.51	116 027	343 907 600
2014/05/05	29.92	29.05	29.50	44 857	132 146 700
2014/05/02	30.00	29.18	29.40	1 703	5 071 280
2014/05/01	0.00	0.00	0.00	0	0

CORPORATE GOVERNANCE

The group's operational style is based on the fundamentals instilled by its founder in 1967. This has been refined and improved over more than 40 years and entrenched by the directors and senior executives many of whom started their careers working in individual outlets.

Spur's operational style is based on people, entrepreneurial flair, customer focus, operational excellence, empowerment and learning, and prudent and considered decision-making.

There is a justifiable need for formal corporate governance imperatives and structures in maturing listed companies with multiple stakeholders. At times, the group's operational style may appear to be in conflict with certain of these areas.

The board and management are committed to guarding against corporate bureaucracy stifling the fundamentals that have been critical to the success of the group. As such, the directors strive to achieve equilibrium where corporate governance imperatives and the group's fundamental operational ethos are balanced. The directors believe that in this manner, the interests of all stakeholders are protected.

As such, the board has considered the King Code of Governance Principles for South Africa ("King III"), released in 2009, and it recognises the importance of these objectives.

The board does not believe that all the recommendations of King III are appropriate to the group. However, the directors are confident that the fundamental objectives and spirit of King III are being achieved within Spur.

1. GOVERNANCE ASSESSMENT

As part of its continuing quest to improve governance practices, the board has adopted the Institute of Directors of South Africa's ("IoDSA") Governance Assessment Instrument ("GAI") process. The GAI is a tool to assess the performance of the group's governance practices relative to the recommended practices of King III.

Practices are either applied or not applied. Where a practice is not applied, an explanation is given of a compensating practice, or alternatively the reason for non-application. The GAI confirms the extent of application of the King III principles.

The GAI process culminates in a King III application register that provides stakeholders with an analysis of the extent of application of the recommended practices of King III – and in so doing, explains how and to what extent the principles of King III have been applied. The detailed King III application register (all 75 principles) is available on the company's website at www.spurcorporation.com.

2. THE BOARD

The board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent.

The board delegated authority to the group chief executive officer, executive directors and senior management for the implementation of the strategy and the ongoing management of the business on a day-to-day basis.

Pierre van Tonder is the group chief executive officer and is responsible and accountable to the board for all group operations. The executive chairman and the group chief executive officer have clearly defined and separate roles.

The board meets formally four times a year. Additional meetings are convened at short notice, as necessary, to discuss urgent business.

The board also delegates powers to the elected subcommittees. These are:

- Audit committee;
- Risk committee;
- Remuneration committee;
- Social and ethics committee;
- Transformation committee; and
- Nominations committee.

However, the board retains ultimately responsibility for the proper fulfilment of all functions.

The board is satisfied that there is an appropriate balance of power and authority, with no one individual or block of individuals being able to dominate the board's decision-making. A formal Limits of Authority Policy is in place which grants specific levels of management (including individual directors and groups of directors) specific authority to commit the group to financial obligations of set limits. This policy prohibits a veto by any one director. Other policies grant specific directors and senior managers with specific decision-making powers.

The group has no controlling shareholder and there is no shareholder with the right/power to appoint a director to the board (other than in accordance with the Act).

The group has a unitary board structure comprising:

- Four independent non-executive directors, including the lead independent director;
- Two non-executive directors who, in the opinion of the board, act independently; and
- Four executive directors.

3. THE CHAIRMAN AND LEAD INDEPENDENT DIRECTOR

The board is chaired by Allen Ambor, an executive director. King III recommends that the chairman of the board be an independent non-executive director. As executive chairman, Allen's executive involvement is limited to marketing, creative input and strategy.

Allen is the founder of the group and designated brand custodian for the group. As such, Allen has a holistic understanding of the group's brands. His creativity, entrepreneurial flair and insight into the customer psyche are considered invaluable to the group.

On this basis, the board has concluded that it is not inappropriate for Allen, as an executive director, to chair the board. In addition, the board has appointed a lead independent director ("LID"), as recommended by King III, because the chairman is an executive director.

The appointment of the LID is for a period of three years. The role of the LID, currently Mntungwa Morojele, is formalised in a lead independent director charter.

4. DIRECTORS' RESPONSIBILITY

The directors exercise objective judgement on the affairs of the company independently from management, but with sufficient management information to enable a proper and objective assessment to be made. To fulfil their legal duties, directors have unrestricted access to all the company's information, records, documents, property, management and employees subject to approval by the group chief executive officer and/or the chairman of the board. Non-executive directors have direct access to management and may meet with management without the executive directors. All directors have unrestricted access to the advice and services of the company secretary. They are entitled to seek independent professional advice at the company's expense after consultation with the chairman of the board and/or the group chief executive officer.

5. DIRECTORS' APPOINTMENTS

The board has adopted a policy detailing the process and procedures, which are formal and transparent, for the appointment of directors to the board. While the appointment of directors is a matter for the board as a whole, recommendations are made by the nominations committee. All appointments are subject to shareholder approval.

6. DIRECTORS' ROTATION

In terms of the company's Memorandum of Incorporation and in compliance with the JSE Listings Requirements, no less than one third of the non-executive directors retire annually by rotation each year at the annual general meeting.

7. COMPANY SECRETARY

The company secretary assists the chairman in coordinating and administering the functioning of the board, the induction of new non-executive directors and ensuring statutory compliance. The appointment and removal of the company secretary is a matter for the board and not executive management.

The company secretary is Ronel van Dijk, who is also the group chief financial officer (and financial director). King III recommends that the company secretary should ideally not be a director of the company. The board is of the opinion that there is no employee of the company who is more qualified than Mrs Van Dijk to fulfil the role of company secretary and that, given the size and nature of the company, the role of company secretary is not a full-time role. The board does not consider the appointment of a dedicated company secretary to be warranted at this time. While Mrs Van Dijk, as director, is not able to maintain an arm's length relationship with the board, the board is satisfied that she is able to act as the gatekeeper of good governance. In addition to being bound by the company's Code of Ethics and Conduct, as a chartered accountant (South Africa), Mrs Van Dijk is also bound by professional ethics. The board has faith in her to act impartially, ethically and in the best interests of the company and its stakeholders at all times.

The board has assessed the competence and expertise of Mrs Van Dijk, in her capacity as company secretary, and is satisfied in this regard. Mrs Van Dijk is assisted in her company secretarial duties by the in-house legal and compliance officer and as such, the board does not believe that her secretarial duties diminish her capacity to deal with her duties as chief financial officer.

8. BOARD COMMITTEES

Audit committee

Dean Hyde – independent non-executive director and chairman of the audit committee

Muzi Kuzwayo – independent non-executive director

Mntungwa Morojele – independent non-executive director

Dineo Molefe – independent non-executive director

The audit committee operates within formal terms of reference approved by the board. The committee discharges its responsibilities by meeting formally at least twice a year to review the group's interim and annual results before publication, to receive and review internal audit reports and reports from the external auditor. It also meets with management to review management's progress on key issues relating to financial controls and risks and deal with other matters falling within its terms of reference. Committee members review company trading statements on an *ad hoc* basis. The findings and recommendations of the committee are reported to the board at the following board meeting, which is typically held within a week of the committee meeting.

The committee meets informally on an *ad hoc* basis with internal audit, the external auditor and management to address key issues as the need arises, specifically to consider risk assessment and management, review the audit plans of the external and internal auditors and to review accounting, auditing, financial reporting, corporate governance, and compliance matters. The internal audit plan and internal audit conclusions are similarly reviewed and approved by the committee.

Management meets with the external auditor on a regular basis to identify audit risks which, if significant, are reported to the committee.

Management presents the chairman of the committee and the external auditor with summarised financial information relating to the performance of the group on a regular basis.

The committee discharges all audit committee responsibilities of all the subsidiaries within the group. The external and internal auditors have unrestricted access to the committee.

The committee is responsible for overseeing the internal audit function. It fulfils the following duties:

Statutory duties:

- Nominating the appointment of the external auditor for approval by shareholders at the annual general meeting.
- Assessing the independence of the external auditor.
- Determining the fees paid to the external auditor.
- Determining the nature and extent of any non-audit services that the external auditor may provide and pre-approve any proposed engagement for such services.
- Ensuring that Companies Act (Act No. 71 of 2008) ("the Act") provisions are complied with in terms of appointing the external auditor.
- Preparing a report, as part of the annual financial statements of the company for the relevant financial year, that addresses the items listed in the Act.
- Receiving and dealing appropriately with any concerns or complaints in relation to matters as set out in the Act.
- Making submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting.

Other duties:

- Reviewing the independence, objectivity and effectiveness of the external auditor.
- Discussing the nature and scope of the audit (including key audit risks) with the external auditor before the audit commences and ensuring co-ordination with other group entity auditors.
- Reviewing and commenting on all financial reporting, including the interim and annual financial statements, provisional results announcements, trading statements, circulars and the release of price sensitive information before submission to the board for approval.
- Discussing any problems or issues arising from the audit and any matters incidental thereto with the external auditor.
- Reviewing various documents generated by the internal and external audit providers.
- Approving the appointment of the outsourced internal audit service provider.
- Reviewing the performance and objectivity of the internal auditor annually and approving the charter and fee structure.
- Reviewing the internal audit function.
- Receiving and reviewing all internal audit reports and management's response.
- Overseeing integrated reporting and recommend the approval of the integrated report to the board for approval.
- Reviewing, considering and satisfying itself as to the appropriateness of the expertise, resources and experience of the group chief financial officer and finance function on an annual basis and reporting thereon to shareholders in the integrated report of the company.

Remuneration committee

Muzi Kuzwayo – independent non-executive director – chairman of the remuneration committee

Dean Hyde – independent non-executive director

Mntungwa Morojele – independent non-executive director

The remuneration committee operates within formal terms of reference approved by the board and meets formally at least twice a year. Its duties include the following:

- Establishing a formal and transparent procedure for developing, reviewing and amending the policy on executive remuneration.
- Determining, agreeing and developing remuneration policies for all levels of employees, with focus on executive directors.
- Determining remuneration packages for executive directors.
- Considering criteria to measure the performance of executive directors in discharging their functions and responsibilities.
- Approving the award of shares/options to executives and employees.
- Reviewing and approving all profit share or share-linked incentive allocations and the terms thereof.
- Regularly reviewing incentive schemes to ensure continued contribution to shareholder value.

Risk committee

- Pierre van Tonder – chairman of the risk committee
- Mark Farrelly
- Ronel van Dijk
- Keith Getz

The risk committee operates within formal terms of reference approved by the board and meets formally at least twice a year. Its duties include the following:

- Overseeing the development and annual review of a policy and plan for risk management.
- Assisting management in identifying major risk areas affecting the sustainability of the group's operations.
- Assessing and reviewing the risk management process and related activities.
- Making recommendations to the board concerning the group's levels of tolerance and risk appetite and monitoring these risks are managed within the levels of tolerance and appetite as approved by the board.
- Ensuring that the risk management plan is widely disseminated throughout the company and integrated into the day-to-day activities of the company.

- Ensuring that management considers and implements appropriate risk responses.
- Ensuring that risk assessments are performed on a regular basis and that management monitors risk continuously.
- Assessing and reviewing compliance with applicable laws, regulations and supervisory requirements.
- Liaising with the audit committee to exchange relevant risk information.
- Expressing the committee's formal opinion to the board on the effectiveness of the system and process of risk management.
- Reviewing reporting concerning risk management.

Nominations committee

- Mntungwa Morojele – independent non-executive director – chairman of the nominations committee
- Keith Getz
- Muzi Kuzwayo – independent non-executive director

The nominations committee operates within formal terms of reference approved by the board and meets formally at least twice a year. Its duties include the following:

- Ensuring the establishment of a formal process for appointing directors to the board.
- Identifying and recommending directorship candidates.
- Assessing the board's balance of skills, experience and diversity.
- Advising on the composition of the board, ensuring a balance between executive and non-executive directors.
- Ensuring inexperienced directors are developed through a mentorship programme (where applicable).
- Making recommendations in respect of directors retiring by rotation, or by contract, to be put forward for re-election.

Social and ethics committee

- Keith Getz – chairman of the social and ethics committee
- Pierre van Tonder
- Ronel van Dijk

The social and ethics committee operates within formal terms of reference approved by the board and meets formally at least twice a year. Its duties include the following:

- Assisting the board with the monitoring and reporting of social and ethical matters in relation to Spur in accordance with the Act.
- Statutorily, the committee is responsible for monitoring Spur's social impact in the following material areas:
 - social and economic development;
 - good corporate citizenship;
 - labour and employment practices;
 - employment equity and Broad-based Black Economic Empowerment (“B-BBEE”) legislation;
 - consumer relationships; and
 - environment, health and public safety.
- Additional duties include monitoring Spur's governance of ethics. Spur also has a dedicated board transformation committee in place which is primarily responsible for monitoring and reporting on transformation matters.
- The committee's mandate incorporates the responsibility to draw matters within its mandate to the attention of the board and to shareholders of the company.

Transformation committee

- Pierre van Tonder – chairman of the transformation committee
- Mark Farrelly
- Ronel van Dijk
- Muzi Kuzwayo – independent non-executive director
- Mntungwa Morojele – independent non-executive director

The transformation committee operates within formal terms of reference approved by the board and typically meets quarterly. Its duties include the following:

- Reviewing the adequacy of the group's compliance with B-BBEE legislation and regulations.
- Reviewing management's monitoring of employment equity throughout the group.
- Reviewing the promotion of managerial control by previously disadvantaged individuals.
- Ensuring that the B-BBEE plan is dynamic and flexible.
- Reviewing the promotion of human resource development through employment equity and skills development initiatives.
- Reviewing indirect empowerment and corporate social responsibility initiatives.
- Reviewing legislation and making relevant recommendations to the board if appropriate.
- Reviewing the findings of any examination by verification agencies.
- Establishing special investigations and, if appropriate, hiring special counsel or experts to assist.
- Reviewing policies on sensitive issues or practices.
- Reviewing and proposing the group's transformation initiatives in line with the Codes of Good Practice for B-BBEE, industry and other charters.

9. ETHICS

The board subscribes to the philosophy of responsible leadership incorporating the ethical values of responsibility, accountability, fairness and transparency. The directors are of the opinion that the company is, in fact and appearance, a responsible corporate citizen, but recognise that enhancing governance practices is a perpetual process.

Spur adopted a code of ethics which requires employees to maintain the highest moral and ethical standards in their relationships with all stakeholders. The principles contained in the code are as follows:

- Integrity
- Honesty and good faith
- Impartiality
- Transparency and openness
- Accountability and responsibility



SPUR CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/000828/06)
Share code: SUR
ISIN: ZAE000022653

NOTICE OF GENERAL MEETING

The definitions commencing on page 3 of this circular apply, *mutatis mutandis*, to the information in this notice of general meeting.

Notice is hereby given that a general meeting of ordinary shareholders of the company will be held at 14 Edison Way, Century Gate Business Park, Century City, Cape Town at 08:30 on 3 October 2014, for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions set out below.

SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF FINANCIAL ASSISTANCE TO GPI SPUR PROPRIETARY LIMITED (“BEECO”) BY SPUR AND SPUR GROUP

“RESOLVED THAT, subject to the passing of ordinary resolution number 1 and in compliance with its Memorandum of Incorporation (as defined in the Companies Act, No 71 of 2008, as amended (“Companies Act”)) and the applicable provisions of the Companies Act, including, but not limited to, the board of directors of the relevant Spur entity being satisfied that immediately after providing the financial assistance, the relevant Spur entity would satisfy the solvency and liquidity test (as contemplated in section 4 of the Companies Act) and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the relevant Spur entity, the terms upon which the relevant Spur entity will be giving direct or indirect financial assistance to BEECo as contemplated in the BEECo subscription agreement and the preference share agreement, be and are hereby approved in terms of section 44 of the Companies Act.”

Reason for and effect of special resolution number 1

The reason for this special resolution number 1 is to approve any direct or indirect financial assistance by Spur for the purpose of the BEECo subscription agreement in terms of section 44 of the Companies Act. The effect of this special resolution number 1 will be that the terms upon which Spur will be giving financial assistance to BEECo will be sanctioned in terms of section 44 of the Companies Act. Shareholders are advised that Spur Group will, in compliance with section 44 of the Companies Act, separately pass a special resolution approving the granting of the financial assistance by Spur Group to BEECo contemplated in the preference share agreement.

ORDINARY RESOLUTION NUMBER 1 – SPECIFIC ISSUE OF SHARES FOR CASH TO BEECO

“RESOLVED THAT, subject to the passing of special resolution number 1, the directors of Spur be and are hereby authorised, by way of a specific authority in accordance with section 38 of the Companies Act and section 5.51 of the Listings Requirements of the JSE Limited, to allot and issue 10 848 093 new Spur ordinary shares to BEECo in terms of the BEECo subscription agreement between the parties, a signed copy of which agreement has been tabled at the general meeting at which this resolution is considered, and initialled for identification purposes by the chairman of such meeting.”

It must be noted that in terms of the JSE Listing Requirements ordinary resolution number 1 is to be approved by not less than a 75% majority of the votes cast by shareholders present or represented by proxy at the general meeting for this resolution to become effective.

SPECIAL RESOLUTION NUMBER 2 – APPROVAL OF REPURCHASE OF A MAXIMUM OF 10 848 093 SPUR SHARES FROM BEECO

“RESOLVED THAT, subject to the passing of ordinary resolution number 1 and special resolution number 1, the company approves the transaction in terms of which the company or its nominees, either directly, or indirectly by means of its wholly-owned subsidiary (the term wholly-owned subsidiary having the meaning ascribed thereto in the Companies Act), Spur Group, or its nominees, repurchase up to a maximum of 10 848 093 ordinary shares in the issued share capital of the company, in terms of section 48 (to the extent applicable) of the Companies Act, as amended, and in accordance with the Listing Requirements of the JSE, including but not limited to the working capital and solvency and liquidity requirements of the JSE and the Companies Act, and paragraph 14.3 of the company’s Memorandum of Incorporation and that authority is hereby granted to the board of directors of the company and Spur Group (to the extent required in terms of the Listings Requirements of the JSE) to repurchase the shares as aforesaid and to the extent that the shares are repurchased by the company itself to cancel such shares in accordance with the applicable provisions of the Act up to a maximum of 10 848 093 shares, which repurchase must furthermore be in accordance with all applicable statutory and regulatory requirements and the terms and conditions of the ancillary, lock-in and preference share agreements entered into between, inter alia, the company and BEECo on or about 30 July 2014.”

Reason for and effect of special resolution number 2

The reason for special resolution number 2 is to grant the Board of directors of Spur and Spur Group (to the extent required in terms of the Listings Requirements of the JSE) the specific authority to repurchase directly or indirectly a maximum of 10 848 093 ordinary shares in Spur from BEECo in terms of the ancillary, lock-in and preference share agreements between the parties. The effect of special resolution number 2 is that the directors of the relevant Spur entity will be granted the specific authority to repurchase a maximum of 10 848 093 ordinary shares in Spur from BEECo.

ORDINARY RESOLUTION NUMBER 2 – SPECIFIC ISSUE OF SHARES TO SPUR FOUNDATION

“RESOLVED THAT, the directors of Spur be and are hereby authorised, by way of a specific authority in accordance with section 38 of the Companies Act and section 5.51 of the Listings Requirements of the JSE Limited, to transfer 500 000 Spur ordinary shares to Spur Foundation by means of a specific issue of shares for cash in five tranches of 100 000 Spur shares per annum, which shares are currently held in treasury by Spur’s wholly owned subsidiary, Share Buy-back, in terms of the donation agreement between the parties as detailed in the resolution of the board of directors of the company dated 5 August 2014, a signed copy of which resolution has been tabled at the general meeting at which this resolution is considered, and initialled for identification purposes by the chairman of such meeting.”

It must be noted that in terms of the JSE Listing Requirements ordinary resolution number 2 is to be approved by not less than a 75% majority of the votes cast by shareholders present or represented by proxy at the general meeting for this resolution to become effective.

ORDINARY RESOLUTION NUMBER 3

“RESOLVED THAT any director of the company and the company secretary be and they are hereby authorised to do all such things and to sign all such documents as may be necessary to give effect to special resolutions number 1 and 2 and ordinary resolutions number 1 and 2.”

VOTING AND PROXIES

Each shareholder who, being a natural person is present in person or by proxy, or, being a company, is present by representative proxy at the general meeting is entitled to one vote on a show of hands. On a poll, each shareholder, whether present in person or by proxy, or by representation, is entitled to one vote for each share held.

A form of proxy is attached for use by certificated or “own name” shareholders who are unable to attend the general meeting but wish to be represented thereat. They are required to complete and return the form of proxy so as to be received by the transfer secretaries of the company, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by not later than 08:30 on Thursday, 2 October 2014.

In terms of the custody agreements entered into by dematerialised shareholders and their CSDP’s or stockbrokers:

- dematerialised shareholders other than own name shareholders who wish to attend the general meeting must instruct their CSDP, banker or stockbroker to issue them with the necessary letter of representation to attend the general meeting;
- dematerialised shareholders other than own name shareholders who wish to be represented at the general meeting by way of proxy must provide their CSDP, banker or stockbroker with their voting instructions by the cut-off time or date advised by their CSDP, banker or stockbroker for transactions of this nature.

Each certificated or own name dematerialised shareholder entitled to attend and vote at the general meeting may appoint one or more proxies (none of whom need be a Spur shareholder) to attend, speak and vote in his/her stead. The completion and lodging of a form of proxy will not preclude a shareholder from attending the meeting and speaking and voting thereat to the exclusion of the proxy so appointed.

By order of the board

Cape Town

4 September 2014



SPUR CORPORATION LIMITED
 (Incorporated in the Republic of South Africa)
 (Registration number 1998/000828/06)
 Share code: SUR
 ISIN: ZAE000022653

FORM OF PROXY FOR USE BY CERTIFICATED AND "OWN NAME" DEMATERIALISED ORDINARY SHAREHOLDERS ONLY

The definitions commencing on page 3 of this circular apply, *mutatis mutandis*, to the information in this form of proxy.

A certificated or own name dematerialised Spur ordinary shareholder entitled to attend and vote at the general meeting to be held at 14 Edison Way, Century Gate Business Park, Century City, Cape Town at 08:30 on 3 October 2014 is entitled to appoint a proxy, or proxies, to attend, speak and vote thereat in his/her stead. A proxy need not be a shareholder of the company. All forms of proxy must be received by the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by not later than 08:30 on Thursday, 2 October 2014.

Dematerialised shareholders who wish to attend the general meeting or vote by way of proxy must contact their CSDP, banker or stockbroker who will provide them with the necessary letter of representation to vote or carry out their instructions. This must be effected in terms of the custody agreement entered into between the shareholder and the CSDP, banker or stockbroker.

I/We (NAME IN FULL – IN BLOCK LETTERS) _____

Of (address) _____

Telephone number () _____ Cellphone number _____

e-mail address _____

being the holder(s) of: ordinary shares in the company, hereby appoint (see note 1):

1. _____ or failing him/her
2. _____ or failing him/her
3. _____ the chairman of the general meeting

as my/our proxy to act for me/us on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for or against the said resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name(s), in accordance with the following instructions (see note 2):

	For	Against	Abstain
Special resolution number 1 Approval of financial assistance to BEECo			
Special resolution number 2 Approval of specific repurchase from BEECo			
Ordinary resolution number 1 Specific issue of shares for cash to BEECo			
Ordinary resolution number 2 Specific issue of shares to Spur Foundation			
Ordinary resolution number 3 To allow a director and company secretary to do all such things and to sign all such documents as may be necessary to implement the resolutions set out above			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote (see note 2).

Signed at _____ on _____ 2014

Signature _____

Assisted by me (where applicable) _____

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in place of that member at the general meeting.

Notes:

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 chairman of the general meeting", but any such deletion must be initialled by the member. The person whose name stands 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. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the members' votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be lodged with or posted to the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by not later than 08:30 on Thursday, 2 October 2014.
4. 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.
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 company's transfer secretaries or waived by the chairman of the general meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).
7. 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 of the company.
8. The chairman of the general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the general meeting is satisfied as to the manner in which the shareholder wishes to vote.
9. The date must be filled in on this form of proxy when it is signed.

