

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given in terms of section 62(1) of the Companies Act, 71 of 2008, as amended (the '**Companies Act**') that the annual general meeting ('**AGM**') of shareholders of The SPAR Group Ltd (the '**company**') is scheduled to be held in the company's boardroom, 22 Chancery Lane, Pinetown, Durban, South Africa on Tuesday, 12 February 2019 at 09:00 for the purpose of conducting the following items of business:

ANNUAL FINANCIAL STATEMENTS

To receive, consider and adopt the annual financial statements of the company for the year ended 30 September 2018, including the Directors' Report, the Audit Committee Report, the Social and Ethics Report and the Independent Auditors' Report, as required by section 30(3)(c) of the Companies Act.

ORDINARY BUSINESS

Shareholders will be requested to consider and, if deemed fit, to pass (with or without modification) the following ordinary resolutions. The percentage of voting rights that will be required for the adoption of each ordinary resolution below is the support of more than 50% of the voting rights exercised on the resolution at a properly constituted meeting of the company's shareholders:

1. Proposed ordinary resolution number 1 – Election of non-executive directors

Rotation of non-executive directors

It is recorded that **Phinda Madi** retires as an independent non-executive director of the company in terms of article 5.1(10) of the company's Memorandum of Incorporation ('**MOI**') and does not offer himself for re-election and will retire as a director of the company at the AGM.

To elect the below-mentioned directors who retire by rotation in terms of the MOI.

- 1.1 'Resolved that **Mike Hankinson** (Chairman), retires in terms of the MOI and who, being eligible, offers himself for re-election as an independent non-executive director of the company.'

Note: The mandatory age limit for non-executive directors is 70 years. Mike Hankinson, who turns 70 in the 2019 financial year, will be retire before the 2020 AGM.

- 1.2 'Resolved that **Marang Mashologu** retires in terms of the MOI and who, being eligible, offers herself for re-election as an independent non-executive director of the company.'

The Nomination Committee conducted an assessment of the independence and performance of Mike Hankinson and Marang Mashologu and the board accepts the results of that assessment.

Voting for the independent non-executive directors seeking election will be conducted individually.

Brief *curricula vitae* of these directors can be found on page 40 of the abridged integrated report of which this notice forms part.

2. Proposed ordinary resolution number 2 – Appointment of the independent external auditor

To elect an independent external auditor as required by section 90(1) as read with section 61(8)(c) of the Companies Act to audit the company's annual financial statements for the year ending 30 September 2019.

'Resolved that **PricewaterhouseCoopers Inc.**, as nominated by the Audit Committee, be re-elected as the independent external auditor of the Company. It is noted that **Sharalene Randelhoff** is the individual registered auditor who will undertake the audit for the ensuing year, being the designated auditor.'

Notice of annual general meeting (continued)

3. Proposed ordinary resolution number 3 – Election of the members of the Audit Committee

To elect members of the Audit Committee for the ensuing year in accordance with section 94(2) of the Companies Act.

3.1 'Resolved that, subject to the adoption of proposed ordinary resolution number 1.2, **Marang Mashologu** be re-elected as a member of the Audit Committee.'

3.2 'Resolved that **Harish Mehta** be re-elected as a member of the Audit Committee.'

3.3 'Resolved that **Andrew Waller** be elected as a member of the Audit Committee.'

3.4 'Resolved that **Chris Wells** be re-elected as Chairman of the Audit Committee.'

Voting for the election of members of the Audit Committee will be conducted individually.

Brief *curricula vitae* of these directors can be found on page 40 of the abridged integrated report of which this notice forms part.

4. Proposed ordinary resolution number 4 – Authority to issue shares for the purpose of share options

Note: The SPAR Group Ltd Employee Share Trust (2004) (the '**Trust**') scheme closed in 2014 for the issuing of further share options and option holders have 10 years from date of issue to exercise their option rights.

Pursuant to the granting of share options by the Trust, and in the event of any of the option holders exercising his/her rights thereto, authority is sought to place the issuing of the necessary shares under the control of the directors.

'Resolved that such number of the ordinary shares in the authorised but unissued capital of the company required for the purpose of satisfying the obligations of the Trust to option holders, be and are hereby placed under the control of the directors, who are hereby, as a specific authority, authorised to issue those shares in terms of the Trust Deed.'

Reason and effect

This resolution is required to facilitate, in terms of the requirements of article 2.2(2) of the MOI of the company, the issue of the requisite number of ordinary shares to the Trust so as to enable it to meet its obligations to holders of the relevant share options when such options are exercised.

5. Proposed ordinary resolution number 5 – Authority to issue shares for the purpose of the CSP

'Resolved as an ordinary resolution that such number of the ordinary shares in the authorised but unissued capital of the company required for the purpose of The SPAR Group Ltd Conditional Share Plan ('**CSP**') be, and are hereby, placed under the control of the directors, who are hereby, as a specific authority, authorised to issue those shares in terms of the rules of the CSP.'

Reason and effect

This resolution is required to facilitate, in terms of the requirements of article 2.2(2) of the MOI of the company, the issue of the requisite number of ordinary shares in terms of the rules of the CSP. The intended settlement method of the CSP is a market purchase of shares, which will result in no dilution to shareholders. The rules of the CSP, however, are flexible in order to allow for settlement by way of a market purchase of shares, the use of treasury shares or the issue of shares and this resolution, if passed, will facilitate an award under the CSP being made by an issue of shares if, for whatever reason, this least preferred settlement method is used. The company has not previously had to resort to a fresh issue of shares for these purposes.

SPECIAL BUSINESS

Shareholders will be requested to consider and, if deemed fit, to pass (with or without modification) the following special resolutions. The percentage of voting rights that will be required for the adoption of each special resolution is the support of at least 75% of the voting rights exercised on the resolution at a properly constituted meeting of the company's shareholders:

1. Proposed special resolution number 1 – Financial assistance to related or inter-related companies

'Resolved that the directors, in terms of and subject to the provisions of section 45 of the Companies Act, are hereby authorised to cause the company to provide any financial assistance, whether by lending money, guaranteeing a loan or other obligation and/or securing any debt or obligation, to any of its subsidiary companies or other related or inter-related companies, during the period from 1 March 2019 to 29 February 2020.'

Reason and effect

This resolution is required in order to comply with the requirements of section 45 of the Companies Act. In terms of the said provisions, a company cannot render financial assistance to a related or inter-related company or corporation unless the board of the company is authorised thereto either in terms of an employee share scheme that satisfies the requirements of section 97 of the Companies Act, or pursuant to a special resolution of the shareholders. It is the intention that the company should be authorised to render financial assistance to its subsidiary companies or other related or inter-related companies from time to time and to facilitate this by way of a general authority, a special resolution is required.

2. Proposed special resolution number 2 – Non-executive directors' fees

To approve the proposed fees (exclusive of VAT, if applicable) of the non-executive directors for the 12 months period from 1 March 2019 to 29 February 2020, as follows:

	Current R	Proposed R
Board of directors		
Chairman (including his participation in all committees)	1 350 000	1 410 000
Member	425 000	445 000
Audit Committee		
Chairman	218 000	225 000
Member	103 000	110 000
Other Board Committees		
Chairman	127 000	130 000
Member	85 000	90 000

Reasons and effect

This resolution is required in order to comply with the Companies Act. Section 65(11)(h) of the Companies Act provides that a special resolution is required to authorise the basis for compensation to directors of a profit company, as required by section 66(9) of the Companies Act.

The effect of this special resolution, if passed, will be the authorisation of the above-mentioned fees. The proposed fees have been determined pursuant to a benchmarking exercise undertaken by the Remuneration Committee.

NON-BINDING ADVISORY RESOLUTIONS

Shareholders will be requested to consider and, if deemed fit, to pass (with or without modification) the following resolutions.

The percentage of voting rights that will be required for the adoption of each special resolution is the support of at least 50% of the voting rights exercised on the resolution at a properly constituted meeting of the company's shareholders:

To approve, by way of separate advisory non-binding votes, the remuneration policy and implementation report in terms of the King IV Report on Corporate Governance™ for South Africa, 2016 ('King IV™') principles and the JSE Listings Requirements.

- 'Resolved that the 2018 remuneration policy, which can be found on pages 50 to 55 of the abridged integrated report of which this notice forms part, be adopted.'
- 'Resolved that the implementation report, which can be found on pages 56 to 58 of the abridged integrated report, be adopted.'

Shareholders are reminded that should 25% or more of the votes cast be against one or both of these non-binding resolutions, the company undertakes to engage with shareholders as to the reasons therefore and undertakes to make recommendations based on the feedback received.

Notice of annual general meeting (continued)

RECORD DATE

The record date that has been set by the board for the purpose of determining which shareholders are entitled to participate in, and vote at, the meeting, is Friday, 1 February 2019. Accordingly, the last day to trade in order for a shareholder to be eligible to vote at the meeting is Tuesday, 29 January 2019.

VOTING AND PROXIES

Shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder.

Forms of proxy (which form may be found enclosed) should be forwarded to reach the company's transfer secretaries, Link Market Services South Africa (Pty) Ltd, PO Box 4844, Johannesburg, 2000, by no later than 09:00 Monday, 11 February 2019. Thereafter, a proxy form must be handed to the chairperson of the AGM before the appointed proxy may exercise any rights of the shareholder at the AGM. Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised shares with 'own name' registration. A proxy form is attached.

Subject to the rights and other terms associated with any class of shares, on a poll every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary letter of authority to do so.

IDENTIFICATION

Section 63(1) of the Companies Act requires meeting participants to provide the person presiding over the meeting with satisfactory identification.

ELECTRONIC COMMUNICATION

Shareholders may participate electronically in the AGM, provided that electronic participants shall not be entitled to cast a vote on any matter put to a vote of the shareholders. Shareholders wishing to participate in the AGM electronically should contact the Group Company Secretary by email to mandy.hogan@spar.co.za not less than 5 (five) business days prior to the AGM. Access to the AGM by way of electronic participation will be at the shareholder's expense. Only persons physically present at the meeting or represented by a valid proxy shall be entitled to cast a vote on any matter put to a vote of shareholders.

By order of the board

Mandy Hogan

Company Secretary

13 November 2018