

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The interpretations and definitions commencing on page 9 of this circular have, where appropriate, been used on this cover page. If you are in any doubt as to what action to take, please consult your broker, CSDP, banker, accountant, legal advisor or other professional advisor.

Action required

If you have disposed of all your Orion linked units, this circular should be handed to the purchaser of such linked units or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Beneficial linked unitholders who have dematerialised their linked units through a CSDP or broker who wish to attend the general meeting of Orion debenture holders meeting and general meeting of Orion shareholders must request their CSDP or broker to provide them with the necessary letter of representation to attend the general meeting of Orion debenture holders and the general meeting of Orion shareholders or must instruct their CSDP or broker to vote on their behalf in terms of their respective agreements with their CSDP or broker.

Orion linked unitholders are referred to page 2 of this circular, which sets out the detailed action required of them in respect of the transaction set out in this circular.

Orion does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of dematerialised linked units to notify such linked unitholder of the contents of this circular.



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/021085/06)

Share code: ORE ISIN: ZAE000075651

("Orion" or "the company")

CIRCULAR TO ORION LINKED UNITHOLDERS

relating to:

the Capital Restructure, which includes:

- **the conversion of the company's current linked unit capital structure to an all share structure by:**
 - (i) **the proposed amendment to the Orion Debenture Trust Deed to permit the delinking, cancellation and capitalisation of the Orion debentures;**
 - (ii) **the proposed delinking of each Orion ordinary par value share from a Orion debenture so as to no longer constitute a linked unit;**
 - (iii) **the proposed cancellation of each debenture, for no consideration, to be effected by way of a scheme of arrangement in terms of section 114(1)(c) of the Companies Act;**
 - (iv) **the proposed capitalisation of an amount equal to the issue price of each debenture from an accounting perspective for purposes of financial reporting in accordance with IFRS to form part of the stated capital attributable to the ordinary shares that have been issued by Orion;**
 - (v) **termination of the Orion Debenture Trust Deed; and**
 - (vi) **the conversion of Orion par value shares to Orion no par value shares.**
- **the amendment of Orion's Memorandum of Incorporation to reflect the change in Orion's capital structure;**

and enclosing:

- **a report prepared by the independent expert in terms of section 114(3) of the Companies Act and the Takeover Regulations;**
- **an extract of section 115 of the Companies Act dealing with the approval requirement for the scheme and section 164 of the Companies Act dealing with dissenting Orion linked unitholders' appraisal rights;**
- **a notice convening the general meeting of Orion debenture holders (*pink*);**
- **a notice convening the general meeting of Orion shareholders (*green*);**
- **a form of proxy to vote at the general meeting of Orion debenture holders for use by certificated debenture holders and dematerialised debenture holders who have elected "own-name" registration only (*yellow*);**
- **a form of proxy to vote at the general meeting of Orion shareholders for use by certificated shareholders and dematerialised shareholders who have elected "own-name" registration only (*orange*); and**
- **a form of surrender in respect of the conversion of certificated linked units to certificated shares of no par value for use by certificated linked unitholders only (*blue*).**

Lead Transaction Sponsor	Transaction Manager	Attorneys	Independent Expert	Sponsor

Date of issue: Monday, 13 April 2015

This circular is only available in English and is available on the company's website at www.oriongroup.co.za. Copies of this circular may also be obtained at the company's registered office, 16th Floor, Orion House, 49 Jorissen Street, Braamfontein, during normal business hours from 08:00 until 16:00 from the date of issue of this circular up to and including the date of the general meeting of Orion debenture holders and the general meeting of Orion shareholders.

CORPORATE INFORMATION AND ADVISORS

Company secretary and registered office

Company secretary

Corporate Governance Facilitators CC

Registered office

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Braamfontein
Johannesburg, 2000
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Lead Transaction Sponsor

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Attorneys

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Independent Expert

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Sponsor

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Transfer secretaries

Computershare Investor Services Proprietary Limited
Ground Floor
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Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Trustees for debenture holders

George Ross Munro
Ross Munro Attorneys
44B Wierda Road West
Wierda Valley, Sandton, 2196
PO Box 9366, Johannesburg, 2000

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ACTION REQUIRED BY LINKED UNITHOLDERS

The interpretations and definitions commencing on page 9 of this circular apply *mutatis mutandis* to this section.

If you have disposed of all your Orion linked units, then this circular, together with the accompanying notices convening the general meeting of Orion debenture holders and the general meeting of Orion shareholders, forms of proxy and a form of surrender (*blue*), should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom, you disposed of your Orion linked units.

Please take careful note of the following provisions regarding the action to be taken by Orion linked unitholders.

A general meeting of Orion debenture holders will be held at 10:00 on Thursday, 14 May 2015 at the registered office of Orion at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein, for the purpose of considering and, if deemed fit, passing, with or without modification the resolutions required to approve the transaction. A notice convening such general meeting of Orion debenture holders is attached hereto, and forms part of this circular.

The general meeting of Orion shareholders will be held at the later of 10:30 or 10 minutes after the completion of the general meeting of Orion debenture holders on Thursday, 14 May 2015 at the registered office of Orion at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions required to approve the transaction. A notice convening such general meeting of Orion shareholders is attached hereto, and forms part of this circular.

1. DEMATERIALIZED LINKED UNITHOLDERS WHO DO NOT HAVE OWN-NAME REGISTRATION

1.1 Voting at the general meeting of Orion debenture holders

1.1.1 If you wish to attend the general meeting of Orion debenture holders, you should instruct your CSDP or broker to issue you with the necessary letter of representation to attend the general meeting of Orion debenture holders in person, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

1.1.2 If you do not wish to, or are unable to attend the general meeting of Orion debenture holders, but wish to vote thereat, you should provide your CSDP or broker with your voting instructions in the manner stipulated in the custody agreement governing the relationship between you and your broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.

1.1.3 You must **not** complete the attached form of proxy.

1.2 Voting at the general meeting of Orion shareholders if you wish to attend the general meeting of Orion shareholders, you should instruct your CSDP or broker to issue you with the necessary letter of representation to attend the general meeting of Orion shareholders in person, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

1.2.1 If you do not wish to, or are unable to attend the general meeting of Orion shareholders, but wish to vote thereat, you should provide your CSDP or broker with your voting instructions in the manner stipulated in the custody agreement governing the relationship between you and your broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. If your CSDP or

broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.

1.2.2 You must **not** complete the attached form of proxy.

1.3 Form of surrender

1.3.1 Your account at your CSDP or broker will be updated automatically.

1.3.2 You must **not** complete the attached form of surrender (*blue*).

1.4 Surrender of documents of title

You do not have to surrender any documents of title. This will be done by your CSDP or broker.

2. DEMATERIALISED LINKED UNITHOLDERS WHO HAVE OWN-NAME REGISTRATION

2.1 Voting at the general meeting of Orion debenture holders

2.1.1 You may attend, speak and vote at the general meeting of Orion debenture holders in person subject to sections 57 and 58 of the Companies Act.

2.1.2 If you do not wish to or are unable to attend the general meeting of Orion debenture holders but wish to be represented thereat, you must complete the attached form of proxy for the general meeting of Orion debenture holders in accordance with the instructions contained therein and ensure that it is 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 10:00 on Tuesday, 12 May 2015.

2.2 Voting at the general meeting of Orion shareholders

2.2.1 You may attend, speak and vote at the general meeting of Orion shareholders in person subject to sections 57 and 58 of the Companies Act.

2.2.2 If you do not wish to or are unable to attend the general meeting of Orion shareholders but wish to be represented thereat, you must complete the attached form of proxy for the general meeting of Orion shareholders in accordance with the instructions contained therein and ensure that it is 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 10:30 on Tuesday, 12 May 2015.

2.3 Form of surrender

2.3.1 Your account at your CSDP or broker will be updated automatically.

2.3.2 You must **not** complete the attached form of surrender (*blue*).

2.4 Surrender of documents of title

You do not have to surrender any documents of title. This will be done by your CSDP or broker.

3. CERTIFICATED LINKED UNITHOLDERS

3.1 Voting at the general meeting of Orion debenture holders

3.1.1 You may attend the general meeting of Orion debenture holders and speak and vote thereat subject to sections 57 and 58 of the Companies Act.

3.1.2 If you do not wish to or are unable to attend the general meeting of Orion debenture holders but wish to be represented thereat, you must complete the attached form of proxy for the general meeting of Orion debenture holders in accordance with the instructions contained therein and ensure that it is 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 10:00 on Tuesday, 12 May 2015.

3.2 Voting at the general meeting of Orion shareholders

- 3.2.1 You may attend the general meeting of Orion shareholders and speak and vote thereat subject to sections 57 and 58 of the Companies Act.
- 3.2.2 If you do not wish to or are unable to attend the general meeting of Orion shareholders but wish to be represented thereat, you must complete the attached form of proxy for the general meeting of Orion shareholders in accordance with the instructions contained therein and ensure that it is 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 10:30 on Tuesday, 12 May 2015.

3.3 Surrender of documents of title

- 3.3.1 If the scheme becomes operative, you will be required to surrender your documents of title in respect of all your linked units.
- 3.3.2 If you wish to expedite receipt of the new documents of title in respect of your Orion ordinary shares and surrender your documents of title in anticipation of the scheme becoming operative, you should complete the attached form of surrender (*blue*) and return it, together with the relevant documents of title relating to all your linked units, in accordance with the instructions contained therein, to the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) to be received by 12:00 on the scheme implementation record date.
- 3.3.3 If documents of title relating to any linked units to be surrendered are lost or destroyed, Orion may dispense with the surrender of such documents of title upon production of evidence satisfactory to the company that the documents of title to the linked units in question have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to them. Accordingly, if the documents of title in respect of any of your linked units have been destroyed, you should nevertheless return the attached form of surrender (*blue*), duly signed and completed, together with a duly signed and completed indemnity form which is obtainable from the transfer secretaries.

4. GENERAL

4.1 Approval of the scheme and other resolutions at the general meeting of Orion debenture holders

- 4.1.1 In order to be approved, each of the special resolutions to be proposed at the general meeting of Orion debenture holders must be passed upon a show of hands by a majority consisting of not less than 75% of the debenture holders present in person or represented by proxy and voting thereat, or, if a poll is duly demanded, by a majority consisting of not less than 75% of the votes cast at such poll by debenture holders present in person or represented by proxy.
- 4.1.2 A quorum for the purposes of considering the special resolutions proposed at the general meeting of Orion debenture holders shall consist of debenture holders present in person or represented by proxy and holding in aggregate at least 25% of the debentures then in issue.
- 4.1.3 Additionally, the resolution in respect of the scheme must be approved by special resolution of the debenture holders in accordance with section 115 of the Companies Act, at the general meeting of Orion debenture holders.
- 4.1.4 In order to be approved, each of the ordinary resolutions to be proposed at the general meeting of Orion debenture holders must be passed, upon a show of hands, by a majority of debenture holders, present in person or represented by proxy, and voting thereat, or, if a poll is duly demanded, by a majority of votes cast at such poll by debenture holders present in person or represented by proxy.
- 4.1.5 A quorum for the purposes of considering the ordinary resolutions proposed at the debenture general meeting of Orion debenture holders shall consist of debenture holders present in person or represented by proxy and holding in aggregate at least one tenth of the debentures then in issue.

4.2 Electronic participation at the general meeting of Orion debenture holders

Debenture holders or their proxies may participate in (but not vote at) the general meeting of Orion debenture holders by way of a teleconference call and, if they wish to do so:

- must contact the company secretary (by email at the address cdkneale@mweb.co.za) no later than 10:00 on Tuesday, 12 May 2015 in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the general meeting of Orion debenture holders,

provided that debenture holders and their proxies will not be able to vote telephonically at the general meeting of Orion debenture holders and will still need to appoint a proxy to vote on their behalf at the general meeting of Orion debenture holders.

4.3 Court approval

4.3.1 Debenture holders are advised that, in terms of section 115(3) of the Companies Act, Orion may in certain circumstances not proceed to implement the special resolutions required to approve the scheme, despite the fact that it has been adopted at the general meeting of Orion debenture holders, without the approval of the Court.

4.3.2 A copy of section 115 of the Companies Act pertaining to the required approval for the scheme is set out in Appendix A to the independent expert's report and forms part of this circular.

4.4 Dissenting Orion debenture holders

4.4.1 A statement informing Orion debenture holders of their rights under section 164 of the Companies Act is set out in the notice of general meeting of Orion debenture holders attached to this circular.

4.4.2 A copy of section 164 of the Companies Act, which sets out the dissenting Orion debenture holders' appraisal rights, is contained in Appendix A to the independent expert's report and forms part of this circular.

4.4.3 Any dissenting Orion debenture holder that withdraws his demand made in terms of section 164(5) to 164(8) of the Companies Act, either voluntarily or pursuant to an order of the Court, or allows an offer by Orion in terms of section 164(11) of the Companies Act to lapse without exercising his rights in terms of section 164(14) of the Companies Act, shall, if such dissenting Orion debenture holder withdrew his demand or allowed the offer to lapse on or prior to 12:30 on the scheme implementation record date, be subject to the provisions of the scheme.

4.5 Approval of the special and ordinary resolutions at the general meeting of Orion shareholders

4.5.1 In order to be approved, each of the special resolutions to be proposed at the general meeting of Orion shareholders must be supported by at least 75% of voting rights exercised on the resolution.

4.5.2 In order to be approved, each of the ordinary resolutions to be proposed at the general meeting of Orion shareholders must be supported by more than 50% of the voting rights exercised thereon at the general meeting of Orion shareholders, present in person or represented by proxy, to be approved.

4.5.3 A quorum for the purposes of considering the shareholder resolutions proposed at the general meeting shall consist of three shareholders of the company personally present (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the general meeting of Orion shareholders. In addition, a quorum shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the general meeting of Orion shareholders.

4.6 Electronic participation at the general meeting of Orion shareholders

Shareholders and debenture holders or their proxies may participate in (but not vote at) the general meeting of Orion shareholders by way of a teleconference call and, if they wish to do so:

- must contact the company secretary (by email at the address cdkneale@mweb.co.za) no later than 10:30 on Tuesday, 12 May 2015 in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the general meeting of Orion shareholders,

provided that shareholders and their proxies will not be able to vote telephonically at the general meeting of Orion shareholders and will still need to appoint a proxy to vote on their behalf at the general meeting of Orion shareholders.

4.7 Dematerialisation

If you wish to dematerialise your linked units, please contact your broker. Linked unitholders are advised that no dematerialisation or rematerialisation of linked units may take place after Thursday, 11 June 2015.

The company does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised linked unitholder to notify such linked unitholder of the general meeting of Orion debenture holders and/or the general meeting of Orion shareholders or any business to be conducted thereat.

SALIENT DATES AND TIMES

2015

Record date in order to receive circular (together with the notices convening the general meeting of Orion debenture holders and the general meeting of Orion shareholders)	Friday, 27 March
Circular (together with the notices convening the general meeting of Orion debenture holders and the general meeting of Orion shareholders) posted on	Monday, 13 April
Announcement relating to the issue of the circular (together with notices convening the general meeting of Orion debenture holders and the general meeting of Orion shareholders) released on SENS on	Monday, 13 April
Announcement relating to the issue of the circular (together with the notices convening the general meeting of Orion debenture holders and the general meeting of Orion shareholders) published in the press on	Tuesday, 14 April
Last day to trade in order to be eligible to vote at the general meeting of Orion debenture holders and the general meeting of Orion shareholders	Thursday, 30 April
Voting record date	Friday, 8 May
Last day to lodge forms of proxy for the general meeting of Orion debenture holders (by 10:00)	Tuesday, 12 May
Last day to lodge forms of proxy for the general meeting of Orion shareholders (by 10:30)	Tuesday, 12 May
General meeting of Orion debenture holders held at 10:00 on	Thursday, 14 May
General meeting of Orion shareholders held at the later of 10:30 or 10 minutes after the completion of the general meeting of Orion debenture holders on	Thursday, 14 May
Results of the general meeting of Orion debenture holders and the shareholders' general meeting released on SENS on	Thursday, 14 May
Special resolutions submitted to CIPC for filing on	Thursday, 14 May
Results of the general meeting of Orion debenture holders and the general meeting of Orion shareholders published in the press on	Friday, 15 May
Last date on which linked unitholders can make application to court in terms of section 115(3)(a) of the Companies Act if the scheme is approved by linked unitholders at the general meetings but with sufficient opposing votes that linked unitholders may require the company to obtain court approval for the scheme as contemplated in section 115(3)(a)	Thursday, 28 May
Last date for Orion to give notice of adoption of the special resolution approving the Scheme to unitholders objecting to the special resolution on	Thursday, 28 May
If no linked unitholders exercise their rights in terms of section 115(3)(a) of the Companies Act	
Special resolutions expected to be registered by CIPC on or before	Wednesday, 10 June
Finalisation date announcement expected to be released on SENS on	Thursday, 11 June
Finalisation date announcement expected to be published in the press on	Friday, 12 June
Expected last day to trade in existing linked units on the JSE prior to the delinking of the linked units and the capitalisation of the debentures on	Friday, 19 June

Trading in delinked ordinary shares under the new ISIN: ZAE000201695 and the existing code of "ORE" commences on	Monday, 22 June
Expected suspension of listing of linked units on the JSE	Monday, 22 June
Expected scheme implementation record date for the delinking of the linked units and the capitalisation of the debentures at the close of business on	Friday, 26 June
Expected scheme operative date	Monday, 29 June
Expected date dematerialised shareholders will have their accounts updated at their CSDP or broker on	Monday, 29 June
Expected date of issue of new replacement share certificates provided that the old linked unit certificates have been surrendered by 12:00 on Friday, 26 June 2015 (any certificated linked units surrendered after this date will be replaced within five business days after receipt by the transfer secretaries)	Monday, 29 June
Expected termination of listing of linked units (at the commencement of trade)	Monday, 29 June

Notes:

1. All dates and times may be changed by the company. Any change will be published on SENS and in the South African press.
2. Linked unitholders should note that as transactions in Orion linked units are settled in the electronic settlement system used by Strate, settlement of trades takes place five business days after such trade. Therefore, unitholders who acquire Orion linked units after Thursday, 30 April 2015, will not be eligible to vote at the general meeting of Orion debenture holders or the general meeting of Orion shareholders.
3. All times given in this circular are local times in South Africa.
4. If the general meeting of Orion debenture holders and/or the general meeting of Orion shareholders are adjourned or postponed, forms of proxy submitted for the initial general meeting of Orion debenture holders and/or general meeting of Orion shareholders, as the case may be, will remain valid in respect of any adjournment or postponement of the general meeting of Orion debenture holders and/or the general meeting of Orion shareholders, as the case may be.
5. No dematerialisation of linked unit certificates may take place after Friday, 19 June 2015.

INTERPRETATIONS AND DEFINITIONS

In this circular and its annexures, unless otherwise stated or the context indicates otherwise, the words and expressions in the first column shall have the meanings stated opposite them in the second column, and words and expressions in the singular shall include the plural and *vice versa*, words importing natural persons shall include juristic persons and unincorporated associations of persons and *vice versa*, and any reference to one gender shall include the other genders.

“board” or “directors”	the board of directors of the company, as set out on page 12 hereto;
“certificated linked units”	linked units that have not yet been dematerialised, title to which is represented by documents of title;
“certificated linked unitholders”	linked unitholders who hold certificated linked units;
“CIPC”	the Companies and Intellectual Property Commission;
“circular” or “document”	this bound circular to linked unitholders dated 13 April 2015, incorporating the notices convening the general meeting of Orion debenture holders and the general meeting of Orion shareholders;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act” or “the Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“contributed tax capital”	contributed tax capital as defined in section 1 of the Income Tax Act;
“court”	a court of competent jurisdiction in South Africa;
“CSDP”	a party that holds in custody and administers securities or an interest in securities and has been accepted as a central securities depository as a participant in terms of section 34 of the Financial Markets Act;
“debenture” or “Orion debenture”	a variable rate redeemable debenture with a nominal value of 1 cent each;
“debenture holders” or “Orion debenture holders”	the registered holders of Orion debentures;
“Debenture Trust Deed” or “Orion Debenture Trust Deed”	the trust deed in respect of the debentures entered into on 1 July 2003 between the company and the debenture trustee, as amended from time to time, the third supplemental which cancelled supplemental one and two which was signed on the 11 January 2006;
“Debenture Trust Deed amendment”	the proposed amendments to the Debenture Trust Deed required to be effected in order to facilitate the implementation of the transaction, as set out in paragraph 5 of this circular;
“debenture trustee” or “trustee for debenture holders”	the partnership of George Ross Munro c/o, full details of which are set out in the “Corporate information” section of this circular;
“delinked ordinary shares”	an ordinary share of the company of no par value which share is to be listed under the new ISIN: ZAE000201695 in consequence of the implementation of the scheme;
“delinking”	the delinking of each of the company’s linked units into a separate share and a debenture, so as to no longer constitute a linked unit;
“dematerialised linked unitholders”	linked unitholders who hold dematerialised linked units;
“dematerialised linked units”	linked units which have been incorporated into the Strate system, title to which is not represented by linked unit certificates or other physical documents of title;
“dividend”	a dividend as defined in section 1 of the Income Tax Act;
“documents of title”	linked unit certificates, certified transfer deeds, balance receipts and any other documents of title to linked units acceptable to the board;
“Exchange Control Regulations”	the Exchange Control Regulations, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;

“finalisation date”	the date on which all of the conditions precedent shall have been fulfilled or waived, as the case may be;
“general meeting of Orion debenture holders”	the general meeting of Orion debenture holders to be held at 10:00 on Thursday, 14 May 2015 at the registered office of the company, to consider, and if deemed appropriate, to approve the resolutions as more fully set out in the notice of general meeting to Orion debenture holders attached to the circular;
“general meeting of Orion shareholders”	the general meeting of Orion shareholders to be held at 10:30 on Thursday, 14 May 2015 at the registered office of the company, to consider, and if deemed appropriate, to approve the resolutions as more fully set out in the notice of general meeting to Orion shareholders attached to the circular;
“general meetings”	collectively, the general meeting of Orion debenture holders and the general meeting of Orion shareholders;
“gross income”	gross income as defined in section 1 of the Income Tax Act;
“group”	the company and its subsidiaries;
“IFRS”	International Financial Reporting Standards, as adapted from time to time by the board of the International Accounting Standards Committee;
“Income Tax Act”	Income Tax Act, No. 58 of 1962, as amended;
“independent expert” or “BDO”	BDO Corporate Finance Proprietary Limited (Registration number 1983/002903/07), a private company duly incorporated in accordance with the laws of South Africa, and appointed to provide external advice to the board in relation to the scheme and Regulation 110(1);
“independent expert’s report”	the report to the board prepared by the independent expert in compliance with section 114(3) of the Companies Act, which report is set out in Annexure 1 of this circular;
“issue price”	the value attributed by the company to a debenture upon the allotment and issue of such debenture, being a value not less than the nominal value of the debenture;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, No. 19 of 2012, as amended;
“JSE Listings Requirements” or “Listings Requirements”	the JSE Listings Requirements, as amended from time to time;
“last practicable date”	the last trading date before the practical finalisation of this circular, being 8 April 2015;
“linked unitholders” or “Orion linked unitholders” or “unitholders”	the registered holders of Orion linked units;
“linked units” or “Orion linked units”	Orion linked units listed on the JSE, each comprising one Orion par value share indivisibly linked to one Orion debenture;
“Mol” or “Memorandum of Incorporation”	the existing memorandum of incorporation of the company;
“Mol amendments”	the proposed amendments to the company’s Mol required to be effected consequent upon the approval and implementation of the scheme as set out in paragraph 6 of this circular;
“Orion” or “the company”	Orion Real Estate Limited (Registration number 1997/021085/06), a company duly registered and incorporated in accordance with the company laws of South Africa, and listed on the JSE;
“PLS”	Property Loan Stock;
“qualifying distribution”	a qualifying distribution as defined in section 25BB of the Income Tax Act;
“R” or “Rand”	South African Rand, the official currency of South Africa;

“Regulations” or “Takeover Regulations”	the Companies Regulations, 2011, published in terms of the Companies Act;
“REIT”	Real Estate Investment Trust, as contemplated in the JSE Listings Requirements;
“SARB”	the South African Reserve Bank;
“SENS”	the Stock Exchange News Service, the news service operated by the JSE;
“scheme” or “proposed scheme”	the scheme of arrangement in terms of section 114(1)(c) of the Companies Act, proposed by the board between the company and the Orion linked unitholders at the general meetings, in terms of which the Orion debentures will be cancelled for no consideration, the Debenture Trust Deed will be terminated and the issue price of each Orion debenture will be added to the contributed tax capital of the ordinary shares from an accounting perspective for the purposes of financial reporting in accordance with IFRS, pursuant to the provisions of section 25BB(8) of the Income Tax Act;
“scheme implementation record date”	the date on which linked unitholders must be recorded in the register in order to participate in the scheme and receive delinked no par value shares, which date is expected to be on or about Friday, 26 June 2015;
“scheme operative date”	the business day on which the scheme is implemented, being the first business day following the scheme implementation record date, which is expected to be Monday, 29 June 2015;
“share” or “ordinary share” or “Orion ordinary share”	an Orion ordinary share of a par value of 1 cent each, or an Orion ordinary share of no par value, as the case may be;
“South Africa”	the Republic of South Africa;
“Strate”	the settlement and clearing system utilised by the JSE for all share transactions concluded on the JSE, managed by Strate Proprietary Limited (Registration number 1998/022242/06), a private company duly incorporated in accordance with the laws of South Africa and registered in terms of the Financial Markets Act;
“Taxation Laws Amendment Act”	Taxation Laws Amendment Act, No. 31 of 2013;
“transaction”	collectively: <ul style="list-style-type: none"> – the Debenture Trust Deed amendment; – the delinking of each Orion share from an Orion debenture, so as to no longer constitute an Orion linked unit; – the scheme; and – the Mol amendments;
“transfer secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa and the transfer secretary to Orion, the details of which are set out in the “Corporate information” section;
“TRP”	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
“uncertificated securities register”	the record of holdings of dematerialised linked unitholders administered and maintained by a CSDP and which forms part of the register; and
“voting record date”	the date, and the time at, which: <ul style="list-style-type: none"> – a debenture holder must be recorded in the register in order to vote at the general meeting of Orion debenture holders; and – a shareholder must be recorded in the register in order to vote at the general meeting of Orion shareholders, being the close of business on the Friday of the week immediately preceding the date of the general meetings, which date is Friday, 8 May 2015.



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/021085/06)

Share code: ORE ISIN: ZAE000075651

("Orion" or "the company")

Directors

Mr RS Wilkinson (*Chairman*)*#

Mr F Gmeiner (*Managing Director*)

Mr DK Mthembu*#

Dr AC Gmeiner*

Mr CB Nolte (*Financial Director*)

* Non-executive # Independent

CIRCULAR TO LINKED UNITHOLDERS

1. INTRODUCTION

- 1.1 Orion's application for REIT status was approved by the JSE and will be effective from 10 April 2015. The JSE REIT approval process included confirmations and undertakings by the board that the company will comply with section 13 of the Listings Requirements in order for the company to secure and retain its REIT status.
- 1.2 The board proposes converting the company's current linked unit capital structure to an all share structure so as to:
 - 1.2.1 ensure compliance with section 13 of the Listings Requirements;
 - 1.2.2 align the company's capital structure with the internationally recognised all equity REIT capital structures;
 - 1.2.3 simplify the administration and accounting treatment of the company's capital structure; and
 - 1.2.4 remove any costs associated with debentures.
- 1.3 The conversion of the company's current linked unit capital structure to an all share structure will be implemented by:
 - 1.3.1 the delinking of each ordinary share from a debenture so as to no longer constitute a linked unit;
 - 1.3.2 the cancellation of each debenture, for no consideration;
 - 1.3.3 the capitalisation of the issue price of each debenture to Orion's stated capital attributable to the ordinary shares issued by the company from an accounting perspective for purposes of financial reporting in accordance with IFRS and the increase of contributed tax capital of Orion attributable to the ordinary shares issued by Orion by the issue price of each cancelled debenture, as contemplated in section 25BB(8) of the Income Tax Act; and
 - 1.3.4 termination of the Debenture Trust Deed, without payment or other compensation to debenture holders,

to be effected by way of a scheme of arrangement in terms of section 114(1)(c) of the Companies Act, which scheme is being proposed by the board between the company and its linked unitholders and which scheme shall, subject to the passing of the relevant resolutions at the general meetings, take effect on 29 June 2015 and be binding on all Orion linked unitholders.

- 1.4 In order to enable the scheme to be proposed by the company between the company and its debenture holders, certain amendments to the Debenture Trust Deed are to be executed under the notice of general meeting of Orion debenture holders, debenture holders will be requested to authorise and approve the amendments to the Debenture Trust Deed.
- 1.5 In terms of clause 24.2.2 of the company's Debenture Trust Deed, the power to agree to any variation or modification of any of the rights of the debenture holders, subject to the consent or concurrence of the company, may only be exercised by the debenture holders by special resolution.
- 1.6 Accordingly, the delinking of each ordinary share from a debenture requires:
 - 1.6.1 the passing of a special resolution by debenture holders to approve the Debenture Trust Deed amendment;
 - 1.6.2 the passing of a special resolution by debenture holders approving such delinking; and
 - 1.6.3 the passing of a special resolution by shareholders approving such delinking.
- 1.7 In addition, debenture holders will be requested to authorise and approve, upon implementation of the scheme, the subsequent termination of the Debenture Trust Deed.
- 1.8 The passing of the requisite resolutions authorising and approving the delinking and the scheme will further necessitate the authorisation and approval of shareholders (by way of a special resolution) of consequential amendments to the company's Mol.
- 1.9 The purpose of this circular is to provide linked unitholders with the necessary information to enable them to make an informed decision as to whether or not they should vote in favour of the resolutions required to enable, give effect to and implement the transaction, which resolutions are set out in the notice convening the general meeting of Orion debenture holders and the notice convening the general meeting of Orion shareholders, as the case may be, which notices are attached to and form part of this circular.
- 1.10 It is also proposed that Orion's authorised and issued ordinary par value shares be converted to authorised and issued ordinary shares of no par value.
- 1.11 Upon conclusion of the transaction every one linked unit will convert into one ordinary share of no par value.
- 1.12 Linked unitholders will continue to be eligible to receive the interest on the debentures up to 30 June 2015 in accordance with the current Debenture Trust Deed. Upon conclusion of the transaction, Orion will have a share only capital structure where shareholders will receive dividend distributions in terms of a REIT structure.
- 1.13 It must be noted that one of the requirements for REIT status is that the Company must comply with the Listings Requirements; notably achieving the 20% public shareholder spread as contemplated in section 4.28 of the Listings Requirements. Currently, Orion does not comply fully with the Listings Requirements in that it has 564 public unitholders, holding 5.63% of the entire issued share capital of the company, which is less than the 20% of the spread requirements.

In this regard, the company, together with the Franz Gmeiner Property Trust, the major shareholder, have undertaken to the JSE to reduce the shareholding percentage of the major shareholder through a capital raising via the issue of new shares as follows:

- By 31 December 2015, the issue of approximately 63 million new shares in order to comply with 50% of the required spread.
- By 30 June 2016, a further issue of approximately 63 million new shares in order to comply with 50% of the remaining balance of the required spread.

2. TAXATION OF REITS

- 2.1 The introduction of REIT tax legislation in South Africa (as provided for in terms of section 25BB of the Income Tax Act):
- 2.1.1 is in line with international best practice;
 - 2.1.2 affords tax certainty to REIT structures;
 - 2.1.3 provides for a tax structure which allows a “flow through” on a pre-tax basis of the income of a REIT that is distributed to REIT investors, on the basis more fully described in paragraph 2.2 below;
 - 2.1.4 provides that shareholders of a REIT will not be liable for securities transfer tax when buying or selling REIT securities; and
 - 2.1.5 exempts REITs from paying capital gains tax on any profit from the sale of property and REIT securities.
- 2.2 Provided that distributions made by the company to its shareholders meet the requirements of a qualifying distribution – which will be the case for so long as at least 75% of the company’s gross income constitutes rental income, as defined in the Income Tax Act – the distributions will constitute qualifying distributions for the purposes of section 25BB of the Income Tax Act (“**qualifying distributions**”) with the result that:
- 2.2.1 the amount of the qualifying distributions must be deducted from the company’s gross income, with the effect that the company is not taxed on any income distributed to its shareholders;
 - 2.2.2 any qualifying distributions received by or accrued to shareholders (other than non-residents) must be included in the gross income of those shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distributions are taxable as income in the hands of shareholders but are exempt from dividends tax;
 - 2.2.3 **any qualifying distributions received by or accrued to non-resident shareholders are not taxable as income and instead are treated as ordinary dividends that, from 1 January 2014, are subject to dividends tax. Qualifying distributions to non-residents are therefore subject to dividends tax. Until 31 December 2013 qualifying distributions to non-resident were not subject to dividends tax.**
- 2.3 Furthermore, in terms of paragraph 8 of section 25BB of the Income Tax Act:
- “If a REIT or controlled company, cancels the debenture part of a linked unit and capitalises the issue price of the debenture to stated capital for the purposes of financial reporting in accordance with IFRS:*
- (a) *the cancellation of the debenture must be disregarded in determining the taxable income of the holder of the debenture and of the REIT or controlled company;*
 - (b) *expenditure incurred by the shareholder of the REIT or controlled company in respect of shares is deemed to be equal to the amount of the expenditure incurred in respect of the acquisition of that linked unit; and*
 - (c) *the issue price of the cancelled debenture must be added to the contributed tax capital of the class of shares that forms part of the linked unit.”*
- 2.4 The implementation of the scheme is tax neutral to the company and its linked unitholders. The cancellation of the debentures must be disregarded in determining taxable income of the linked unit holders as well as Orion. The expenditure incurred by each shareholder of Orion in respect of the ordinary shares will be deemed to be equal to the amount of the expenditure incurred in respect of the acquisition of the linked units. The issue price of each cancelled debenture will be added to the contributed tax capital attributable to the ordinary shares of Orion.
- 2.5 Orion linked unitholders who are non-residents, for tax purposes, may be subject to different taxation treatments, and accordingly are cautioned to consult their professional tax advisors in this regard.

- 2.6 If linked unitholders are in any doubt as to the tax implications to them of the receipt of qualifying distributions from the company and/or tax implications applicable to the scheme generally, unitholders should consult their professional tax advisors.

3. RATIONALE

- 3.1 In terms of the revised section 13 of the JSE Listings Requirements (which have been amended to cater for REIT legislation), specifically paragraph 13.46(g), the total consolidated IFRS liabilities of a REIT may not exceed 60% of its total consolidated IFRS assets. As the Listings Requirements makes use of the IFRS definition of a liability a company is required to include in such calculation any debentures it has issued. In the company's case this would require the company to include its variable rate, subordinated debentures which form part of its linked unit capital structure, including any debenture premium, to be included in the calculation for the determination of such 60% threshold.
- 3.2 The JSE approved Orion's status as a REIT provided that after 1 July 2015 the ratio of the company's total consolidated liabilities to total consolidated assets must be based on the total consolidated liabilities as reflected in the IFRS financial statements and no separate adjustment may be made for any debentures. By converting its capital structure, the company will reduce the ratio of its total consolidated liabilities (excluding subordinated debentures, as these will no longer exist subsequent to the passing of the requisite resolutions) to total consolidated assets, calculated as at the last practicable date, to 45,67% and will thereby ensure that the company's consolidated liabilities remain below the aforementioned 60% threshold requirement. Upon the delinking of linked units and cancellation of the debentures, the ratio of Orion total consolidated IFRS liabilities to total consolidated IFRS assets is 39,08%. The capital restructure will simplify the accounting treatment, as Orion will no longer have a linked unit capital structure, but will now have a share only structure.
- 3.3 Pursuant to the implementation of the scheme, R65 650 283, being the sum of the issue price of the debentures will be capitalised to Orion's stated capital account attributable to the ordinary shares for accounting purposes.
- 3.4 Additional benefits in converting the company's current linked unit capital structure to an all share structure are to:
- 3.4.1 align the company's capital structure with the internationally recognised all equity REIT capital structures;
 - 3.4.2 simplify the administration and accounting treatment of the company's capital structure; and
 - 3.4.3 remove any potential costs associated with debentures.

4. THE SCHEME

In terms of section 114(1)(c) of the Companies Act, the board proposes the scheme, as set out in this paragraph 4, between the company and its linked unitholders.

4.1 The scheme

- 4.1.1 Pursuant to and in terms of the scheme, which will take effect on the scheme operative date, the capital structure of the company will be restructured to comprise exclusively of share capital with the number of delinked ordinary shares in issue being equal to the number of linked units in issue before the scheme. This will be achieved through the following steps:
- 4.1.1.1 amending the Debenture Trust Deed to allow for the delinking and cancellation, for no consideration, of the debentures;
 - 4.1.1.2 the company will delink the ordinary shares and the debentures forming the linked units for the purpose of the capitalisation as contemplated in clause 4.1.1.4 below; and thereafter
 - 4.1.1.3 the company will cancel all of the debentures, without consideration or other compensation being payable to the debenture holders; and thereafter
 - 4.1.1.4 the capitalisation of the issue price of each debenture to the stated capital attributable to the ordinary shares issued by the company from an accounting perspective for purposes of financial reporting in accordance with IFRS and the increase of contributed tax capital of Orion attributable to the ordinary shares

issued by Orion by the issue price of each cancelled debenture, as contemplated in section 25BB(8) of the Income Tax Act; and thereafter

- 4.1.1.5 terminate the Debenture Trust Deed, without payment or other compensation to debenture holders.
- 4.1.2 Subject to the scheme becoming unconditional:
 - 4.1.2.1 the linked unitholders (whether or not they voted in favour of the scheme or abstained or refrained from voting) shall be deemed to have authorised:
 - 4.1.2.1.1 amending the Debenture Trust Deed to allow for the delinking and cancellation, for no consideration, of the debentures;
 - 4.1.2.1.2 the delinking of each ordinary share from a debenture so as to no longer constitute a linked unit;
 - 4.1.2.1.3 the cancellation of each debenture, for no consideration or any other form of compensation;
 - 4.1.2.1.4 the capitalisation of the issue price of each debenture to Orion's stated capital attributable to the ordinary shares issued by the company from an accounting perspective for purposes of financial reporting in accordance with IFRS and the increase of contributed tax capital of Orion attributable to the ordinary shares issued by Orion by the issue price of each cancelled debenture, as contemplated in section 25BB(8) of the Income Tax Act; and
 - 4.1.2.1.5 the termination of the Debenture Trust Deed, without payment or other compensation to debenture holders;
 - 4.1.2.2 the scheme will be implemented and each linked unitholder will continue to hold the ordinary share previously held by the linked unitholder (as part of a linked unit) but the debenture to which the ordinary share was previously linked will be cancelled;
 - 4.1.2.3 each debenture holder shall be deemed to have transferred to the company, with effect from the scheme operative date, all of the debentures held by such debenture holder without any further act or instrument being required,
subject to the remaining provisions of this paragraph 4.
- 4.1.3 Each linked unitholder irrevocably and in *rem suam* authorises the company, as principal, with the power of substitution, to cause the linked units held by linked unitholders on the scheme implementation record date to be replaced with delinked ordinary shares, and to do all things and take all such steps as the company in its discretion considers necessary to implement the scheme.
- 4.1.4 The rights of linked unitholders pursuant to the scheme will be rights enforceable by linked unitholders against the company only.

4.2 Conditions precedent

The scheme will be subject to the following conditions precedent:

- 4.2.1 the approval of the scheme by the requisite majority of linked unitholders, as contemplated in section 115(2) of the Companies Act; and
 - 4.2.1.1 to the extent required, the approval of the implementation of such resolution by the Court as contemplated in section 115(3)(a) of the Companies Act; and
 - 4.2.1.2 if applicable, the company not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;

- 4.2.2 the requisite majority of debenture holders, at the general meeting of Orion debenture holders, approving the relevant resolutions required to authorise:
 - 4.2.2.1 the amendment to the Debenture Trust Deed;
 - 4.2.2.2 the delinking of each of the company's ordinary shares from a debenture so as to no longer constitute a linked unit;
 - 4.2.2.3 cancellation of the debentures;
 - 4.2.2.4 capitalisation of the debentures to form part of Orion's stated capital account; and
 - 4.2.2.5 the termination of the Debenture Trust Deed, without payment or other compensation to debenture holders.
- 4.2.3 the requisite majority of shareholders, at the general meeting of Orion shareholders, approving the relevant resolutions required to authorise:
 - 4.2.3.1 the delinking of each of the company's ordinary shares from a debenture so as to no longer constitute a linked unit;
 - 4.2.3.2 cancellation of debentures and the termination of the Debenture Trust Deed;
 - 4.2.3.3 capitalisation of debentures to form part of Orion's stated capital account;
 - 4.2.3.4 conversion of authorised Orion par value shares to Orion no par value shares;
 - 4.2.3.5 conversion of issued Orion par value shares to Orion no par value shares; and
 - 4.2.3.6 the Mol amendments, as detailed in paragraph 6 below.
- 4.2.4 all applicable regulatory and statutory approvals are obtained.

The conditions precedent have been inserted in the company's favour. Where such condition precedent is capable of being waived, the company may waive such resolution, in its sole discretion, at any time prior to the fulfilment thereof.

4.3 Effects of the scheme

The effect of the scheme is that linked unitholders will retain the same shares held as part of the linked unit but that the debenture component of the linked unit will be cancelled and the company's stated capital will be increased by the same amount as the issue price of the cancelled debenture. The only material difference in the erstwhile linked unitholder's position on implementation of the scheme is the absence of the debenture. The shares will still be held and the inherent rights of the shares unchanged, save that the shares will be capable of being traded without the debenture and that the shares will be backed by a larger pool of stated capital.

4.4 The statutory requirements of the scheme

- 4.4.1 The scheme is being proposed by the board between the company and its linked unitholders in terms of section 114(1)(c) of the Companies Act pursuant to which the capital structure of the company will be restructured to comprise exclusively of ordinary shares with the number of delinked ordinary shares in issue being equal to the number of linked units in issue before the scheme.
- 4.4.2 In terms of section 115 of the Companies Act, a scheme of arrangement between a company and its members may only be implemented if:
 - 4.4.2.1 the scheme is approved, in terms of section 115 of the Companies Act, by special resolution (requiring the support of at least 75% of the voting rights exercised thereon at the general meeting of Orion debenture holders to be approved) adopted by persons entitled to exercise voting rights on such matter (being those debenture holders recorded in the register on the voting record date) at the general meeting of Orion debenture holders and at which meeting (in accordance with the provisions of the Debenture Trust Deed) sufficient persons are present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on that matter; and

- 4.4.2.2 the TRP has issued a compliance certificate in respect of the scheme in terms of section 115(1)(b) of the Companies Act.
- 4.4.3 Despite the special resolutions having been adopted approving the scheme, the company may not proceed to implement the scheme without the approval of the court if:
 - 4.4.3.1 the special resolution approving the scheme was opposed by at least 15% of the voting rights that were exercised on that resolution, and within five business days after the vote, any person who voted against the special resolution requires the company to seek court approval; or
 - 4.4.3.2 the court, on application within 10 business days after the vote by any person who voted against the special resolution approving the scheme, grants that person leave to apply to a court for a review of the scheme.
- 4.4.4 If the special resolutions approving the scheme require approval by a court as contemplated in terms of paragraph 4.4.3.1 above, the company must either:
 - 4.4.4.1 within 10 business days after the vote apply to the court for approval, and bear the costs of that application; or
 - 4.4.4.2 treat the special resolutions as a nullity.
- 4.4.5 On application contemplated in paragraph 4.4.3.2, the court may grant leave to that person to apply to court for a review of the scheme only if satisfied that the applicant:
 - 4.4.5.1 is acting in good faith;
 - 4.4.5.2 appears prepared and able to sustain the proceedings; and
 - 4.4.5.3 has alleged facts which if proved would support an order in terms of paragraph 4.4.6 below.
- 4.4.6 On reviewing the special resolutions that are the subject of an application contemplated in paragraph 4.4.4.1, or after granting leave as contemplated in paragraph 4.4.5, the court may set aside the special resolutions only if:
 - 4.4.6.1 the resolutions are manifestly unfair to the company's debenture holders; or
 - 4.4.6.2 the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the memorandum of incorporation of the company (or any applicable rules of the company) or other significant and material procedural irregularity.
- 4.4.7 A copy of section 115 of the Companies Act is set out in **Appendix A** to the independent expert's report and forms part of this circular.

4.5 Notice of the general meeting of Orion debenture holders

- 4.5.1 The notice convening the general meeting of Orion debenture holders (*pink*) is set out attached on this circular.
- 4.5.2 The form of proxy for the general meeting of Orion debenture holders (*yellow*) for use by certificated debenture holders or own-name dematerialised debenture holders recorded in the register on the voting record date who are unable to attend the general meeting of Orion debenture holders and wish to be represented thereat is attached to and forms part of this circular. The instructions for the completion and lodging of the form of proxy for the general meeting of Orion debenture holders (*yellow*) are recorded on such form.
- 4.5.3 Details of the action required by debenture holders recorded in the register on the voting record date is set out on page 2 of this circular.

4.6 The general meeting of the Orion debenture holders

- 4.6.1 Approval of the scheme will, *inter alia*, be put to a vote at the general meeting of the Orion debenture holders to be held at 10:00 on Thursday, 14 May 2015 at the registered offices of the company.
- 4.6.2 Each certificated debenture holder and dematerialised debenture holder recorded in the register on the voting record date with “own name” registration can attend, speak and vote at the general meetings in person or give a proxy to someone else (including the chairman of the general meeting of Orion debenture holders) to represent him/her at the general meeting of Orion debenture holders.
- 4.6.3 The form of proxy for the general meeting of Orion debenture holders (*yellow*) must be received by the transfer secretaries by not later than at 10:00 on Tuesday, 12 May 2015 in respect of the general meeting of Orion debenture holders on at 10:00 on Thursday, 14 May 2015.
- 4.6.4 Should a dematerialised debenture holder recorded in the register on the voting record date who does not have “own name registration”:
- 4.6.4.1 wish to attend, speak and vote at the general meeting of Orion debenture holders, such debenture holder must arrange with his/her CSDP or broker to obtain the necessary letter of representation; or
- 4.6.4.2 be unable to or not wish to attend the general meeting of Orion debenture holders but wish to vote at the general meeting of Orion debenture holders, he/she should provide his/her CSDP or broker with their voting instruction in the manner stipulated in the custody agreement governing the relationship between such debenture holder and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. The CSDP or broker will then provide the transfer secretaries with the relevant forms of proxy in terms of such individual dematerialised debenture holders’ instructions.
- 4.6.5 Dematerialised debenture holders recorded in the register on the voting record date who do not have “own name” registration will not be permitted to attend, speak or vote at the general meeting of Orion debenture holders without the necessary letter of representation being issued to them by their CSDP or broker.
- 4.6.6 If you are a debenture holder recorded in the register on the voting record date who wishes to address the general meeting of Orion debenture holders, then you will be given the opportunity to do so.

4.7 General

- 4.7.1 The JSE shall amend the listing of the company’s linked units pursuant to the scheme and the subsequent listing of the delinked ordinary shares of the company with effect from Monday, 22 June 2015 under the JSE share code: ORE and the new ISIN: ZAE000201695.
- 4.7.2 The company may:
- 4.7.2.1 before or at the general meeting of Orion debenture holders, agree to any amendment, variation or modification of the scheme; or
- 4.7.2.2 after the general meeting of Orion debenture holders, agree to any amendment, variation or modification which the court may deem fit to approve or impose, **provided that no amendment, variation or modification made after the general meeting of Orion debenture holders may have the effect of diminishing the rights which will accrue to linked unitholders in terms of the scheme.**
- 4.7.3 A certificate signed by two directors of the company stating that the conditions precedent to the scheme have been fulfilled and/or waived and that the scheme is capable of implementation shall be binding on the company and the linked unitholders (including for the avoidance of doubt, the debenture holders).

4.7.4 The company will be entitled, and will have the authority on behalf of itself and each debenture holder to authorise any person nominated by the company to sign all documents required to bring the scheme into effect.

4.8 Applicable laws

The scheme shall be governed by the laws of South Africa only. Each debenture holder shall be deemed to have irrevocably submitted to the non-exclusive jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the scheme.

5. AMENDMENTS OF THE DEBENTURE TRUST DEED AND THE COMPANY'S MEMORANDUM OF INCORPORATION

5.1 Amendments of the Debenture Trust Deed

In order to facilitate the cancellation of the debentures in terms of the scheme, the board proposes that the Orion Debenture Trust Deed be amended by inserting the following clause after clause 30 of the Orion Debenture Trust Deed:

"31 DELINKING, CANCELLATION AND CAPITALISATION

Subject to a special resolution, the company may:

- 31.1 delink the ordinary shares and the debentures for the purpose of the cancellation and subsequent capitalisation as contemplated in 31.2 and 31.3;*
- 31.2 subsequent to the delinking as contemplated in 31.1, cancel the debentures and terminate the deed, without payment to the debenture holders; and*
- 31.3 subsequent to the delinking and cancellation as contemplated in 31.1 and 31.2, capitalise the issue price of the debentures from an accounting perspective for the purposes of financial reporting in accordance with IFRS to the company's stated capital account attributable to the ordinary shares and to increase the contributed tax capital attributable to the ordinary shares by the issue price of the debentures."*

5.2 Amendments of the company's memorandum of incorporation

To enable to give effect to the scheme, various amendments are required to be made to the MOI. The proposed amendments are detailed in Annexure 3 hereto.

Shareholders will be requested to approve the special resolution necessary to authorise and approve the MOI amendments at the general meeting of Orion shareholders. In order for such special resolutions to be adopted, the support of at least 75% of the total votes exercisable by shareholders present in person or represented by proxy is required.

6. CONVERSION TO NO PAR VALUE SHARES

The Board has also resolved that, in terms of regulation 31(6) of the Companies Act, the existing authorised and issued ordinary share capital be converted into ordinary shares of no par value. Following the conversion, the no par value shares shall have the same rights and privileges as those currently attaching to the par value shares. As required in terms of the regulations 31(7), the Board has caused a Report to be prepared in respect of the conversion of the shares from par value shares to no par value shares. The Report is attached to this Circular marked as Annexure 6.

7. TERMINATION OF THE DEBENTURE TRUST DEED

Following implementation of the scheme, the Debenture Trust Deed will be terminated with effect from the scheme operative date. The debenture trustee has consented to the cancellation for no consideration and subsequent capitalisation of the debentures as being in the best interest of debenture holders and to the termination of the Debenture Trust Deed. A copy of the debenture trustee's consent letter is attached as Annexure 2.

8. GENERAL MEETINGS

- 8.1 A general meeting of Orion debenture holders will be held at 10:00 on Thursday, 14 May 2015 at the registered office of Orion at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein, for the purpose of considering and, if deemed fit, passing, with or without modification the resolutions required to approve the transaction including the scheme. A notice the general meeting of Orion debenture holders is attached hereto, and forms part of this circular.
- 8.2 The general meeting of Orion shareholders will be held at the later of 10:30 or 10 minutes after the completion of the general meeting of Orion debenture holders on Thursday, 14 May 2015 at the registered office of Orion at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions required to approve the transaction. A notice convening the general meeting of Orion shareholders is attached hereto, and forms part of this circular.

9. PROCEDURE TO BE FOLLOWED BY LINKED UNITHOLDERS

9.1 Procedure to be followed by certificated linked unitholders

- 9.1.1 Subject to the scheme becoming unconditional and thus capable of implementation, it is necessary to recall linked unit certificates from certificated linked unitholders in order to replace them with ordinary share certificates of no par value.
- 9.1.2 To facilitate the timeous receipt by certificated linked unitholders of replacement share certificates, certificated linked unitholders who wish to anticipate the implementation of the scheme and who do not wish to deal in their existing linked units prior to the implementation of the scheme, are requested to surrender their original certificates (copies will not be accepted), under cover of the form of surrender provided in this circular, to the transfer secretaries, at the address set out in that form, prior to 12:00 on Friday, 26 June 2015. Certificated linked units surrendered after this date will be replaced within five business days after receipt by the transfer secretaries.
- 9.1.3 Linked unit certificates so received will be held in trust by the transfer secretaries pending the scheme becoming unconditional. On or about Monday, 29 June 2015, the transfer secretaries will return the new ordinary share certificates, which reflect the delinked ordinary share, to the registered holders thereof, by registered post, at the risk of such linked unitholders.
- 9.1.4 On Friday, 12 June 2015, the finalisation announcement will be released on SENS. Should the scheme be approved and implemented, certificated linked unitholders who have not already surrendered their linked unit certificates will be required to do so under the attached form of surrender which should be retained for that purpose as no further form of surrender will be circulated to linked unitholders. Additional copies may be requested from the transfer secretaries.
- 9.1.5 In the instance of linked unitholders whose registered addresses in the company's register are outside of the common monetary area, or where the relevant certificates are restrictively endorsed in terms of the South African Exchange Control Regulations, the following will apply:
- 9.1.5.1 for non-residents who are emigrants from the common monetary area, the replacement share certificate will be sent to the linked unitholders' authorised dealer in foreign exchange in South Africa controlling their blocked assets; and
- 9.1.5.2 for all other non-residents, the replacement share certificate will be restrictively endorsed "non-resident" in terms of the South African Exchange Control Regulations.

9.2 Procedure to be followed by dematerialised linked unitholders

Linked unitholders will have their accounts at their CSDP or broker automatically updated on the scheme operative date and need not do anything.

10. THE COMPANY'S SHARE CAPITAL

The company's linked unit capital structure before and share capital structure after the proposed scheme is set out below.

BEFORE	R
Share capital	
Authorised	
2 000 000 000 ordinary shares of 1 cent each	20 000 000
Issued	
630 698 688 ordinary shares of 1 cent each	6 306 987
3 688 866 treasury shares	(36 889)
Share premium at the end of the year	67 965 428
Subtotal	74 235 526
Debenture capital	
Issued	
630 698 688 debentures of 1 cent each	6 306 987
3 688 866 treasury debentures	(36 889)
Debenture premium	49 325 593
Treasury debenture premium	(621 294)
Debenture Reserve	10 675 886
Subtotal	65 650 283
Total	139 885 809
AFTER	
Authorised	
2 000 000 000 ordinary shares of no par value	0
Issued	
630 698 688 ordinary shares of no par value	139 922 698
3 688 866 treasury shares	(36 889)
Total	139 855 809

11. FINANCIAL INFORMATION

11.1 Pro forma financial information

- 11.1.1 In accordance with the provisions of paragraph 8 of section 25BB of the Income Tax Act, the issue price of each debenture will be capitalised to the company's stated capital attributable to the ordinary shares from an accounting perspective for purposes of financial reporting in accordance with IFRS and the increase of the contributed tax capital of Orion attributable to the ordinary shares issued by the company by the issue price of each cancelled debenture, as contemplated in section 25BB(8) of the Income Tax Act. The effect on Orion's statement of financial position is therefore limited to a reclassification of the debenture balance and debenture reserve to stated capital and a reclassification of the accumulated debenture premium amortisation, previously transferred to a non-distributable reserve, from said non-distributable reserve to stated capital.
- 11.1.2 With regards Orion's statement of comprehensive income, the scheme will have the effect, in the first instance, of reducing the amount disclosed as interest paid. An amount equivalent to the reduction in interest paid will instead be reflected as a dividend paid to shareholders through the company's statement of changes in equity. In the second instance, the remaining debenture premium will no longer be amortised. The amortisation of debenture premium was not historically treated as a component of distributable earnings. The scheme will therefore have no effect on the total distribution paid to linked unitholders/shareholders.

Financial effects are illustrated as follows:

The *pro forma* financial information has been prepared for illustrative purposes only and because of its nature, may not fairly present Orion's financial position, changes in equity, and results of operations or cash flows after the transaction. The *pro forma* financial effects are presented in accordance with the JSE Listings Requirements, the Guide on *Pro Forma* Financial Information issued by SAICA, ISAE 3420 and the measurement and recognition requirements of IFRS. The *pro forma* financial information of Orion is based on the restated financial results for the year ended 30 June 2014. The *pro forma* financial information have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited financial statements of Orion for the year ended 30 June 2014.

It has been assumed that the transaction was effective at 1 July 2013, being the beginning of Orion's financial period for the purposes of basic earnings per linked unit and headline earnings per linked unit and on 30 June 2014 for the purposes of the *net asset value per linked unit*. The directors of Orion are responsible for the compilation, contents and preparation of the *pro forma* financial information.

	Before	After
Basic earnings per linked unit (cents)	6.37	6.75
Diluted earnings per linked unit (cents)	6.37	6.75
Headline earnings per linked unit (cents)	1.44	1.76
Diluted headline earnings per linked unit (cents)	1.44	1.76
Net asset value per linked unit at year-end (cents)	81.16	81.46

11.2 Historical financial information

11.2.1 Whilst the scheme constitutes an affected transaction and thus falls within the definition of an "offer" in terms of section 117(1)(f) of the Companies Act, no offer consideration will be payable to debenture holders pursuant to the implementation of the scheme inasmuch as the issue price of each debenture will be capitalised to the stated capital attributable to the ordinary shares issued by the company from an accounting perspective for purposes of financial reporting in accordance with IFRS and as contemplated in section 25BB(8) of the Income Tax Act.

11.2.2 The audited financial statements of the company for the year ended 30 June 2012 and the restated audited financial statements of the company for the years ended 30 June 2014 and 30 June 2013 are available at the company's website www.oriongroup.co.za. In addition, as set out in paragraph 25 below, the restated audited financial statements and the audited financial statements of the company for the years ended 30 June 2014, 30 June 2013 and 30 June 2012 are also available for inspection during normal office hours on business days from the date of issue of this circular until the date of the general meeting of Orion debenture holders and general meeting of Orion shareholders, at the registered office of the company at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein.

11.2.3 Application for relaxation of regulations 90(6)(e) – (g) and 106(6)(d) of the Regulations

Application was made by the Company to the TRP for the relaxation of the strict requirements of regulations 90(6)(e) – (g) and 106(6)(d) of the Regulations.

11.2.4 Regulation 90(6)(e) – (g)

11.2.4.1 Regulation 90(6)(e) – (g) requires that the report of the independent expert include the following:

- a statement of the valuation approach adopted, the methods employed and all material assumptions underlying the valuation approach and methodology;
- a range of final valuation values attributable to the relevant securities or assets and a most likely value used as the core number for purposes of the expression of the opinion; and
- any other valuation or pricing approaches and methodologies used in corroborating the expression of the opinion.

11.2.4.2 The TRP granted the company a dispensation against compliance with the Regulation concerned, since, inherent in the nature of the transaction, there is no offer consideration against which the value of Orion linked units can be compared. Accordingly, a range of valuations for Orion linked units has not been set out, as it is not possible to provide such a valuation range for the linked units.

11.3 Regulation 106(6)(d)

Regulation 106(6)(d) requires a company to include, in a circular to shareholders, full historical financial statements of the offeror for the last three financial periods. Orion has sought a dispensation, from the TRP, to include in the circular, an extract of the historical financial statements in a condensed format for the financial years 2012, 2013 and 2014. The TRP has granted the dispensation on the grounds that:

11.3.1 there will be no adverse effect on Orion debenture holders, since Orion debenture holders will, post the implementation of the scheme, hold the same economic interest in the company as they did before the implementation of the scheme; and

11.3.2 there will be no prejudice to any Orion shareholder, since there is no consideration payable to Orion shareholders in respect of the scheme and shareholders rights and economic interest in the company will not, in any way, be affected by the scheme.

11.4 An extract of the historical financial statements in a condensed format, for the previous three financial years, is set out in Annexure 7 of the circular.

11.5 Trading history

The price and trading history of the company's linked units on the JSE is set out in Annexure 4 of the circular.

12. DIRECTORS' INFORMATION

The names, occupations and relevant business experience of the directors and executive management of the company are set out in Annexure 5 of this circular.

13. INTERESTS OF THE DIRECTORS

13.1 As at the last practicable date, the directors of the company held the following Orion linked units:

Director	Direct beneficial holding	Indirect beneficial holding	Total linked units held	% of issued linked units
F Gmeiner	2 321 188	588 737 355	591 058 543	93.71
AC Gmeiner	2 056 471		2 056 471	0.33
RS Wilkinson	250 000		250 000	0.04
FM Viruly*	50 000		50 000	0.01
Total	4 677 659	588 737 355	593 415 014	94.09

* Resigned with effect from 18 March 2015.

13.2 There has been no dealing in Orion linked units by Orion's directors or their associates between 31 December 2014 and last practicable date.

13.3 The employment contracts of the directors of the company contain terms and conditions that are standard for these types of agreements and are terminable on one month written notice. The directors are remunerated during their notice period. Save for the normal changes in remuneration effected in the ordinary course, the employment contracts of the directors of the company have not been amended within the six-month period prior to the last practical date. The remuneration of directors will not be affected by the scheme.

13.4 No employment contracts have been entered into between the company and any of its directors or proposed directors within the six-month period prior to the last practicable date.

14. MANAGEMENT

It is not envisaged that the company's existing board will be restructured upon implementation of the scheme and that the directors of the company shall continue in office. It is not anticipated that the emoluments of the current directors of the company will be affected by the scheme.

15. AGREEMENTS IN RELATION TO THE SCHEME

15.1 No agreement exists between the company and any linked unitholders which could be considered material to the decision regarding the scheme to be taken by debenture holders.

15.2 No agreements have been entered into between the company and any of the directors of the company or linked unitholder in relation to the scheme.

16. MAJOR LINKED UNITHOLDERS

As at the last practicable date, the following linked unitholders beneficially held 5% or more of the company's issued linked unit capital:

Linked unitholder	Number of linked units held	Percentage of linked units (%)
Franz Gmeiner Property Trust	586 810 961	93.04
Total	586 810 961	93.04

17. RELATED AND CONCERT PARTIES

17.1 There are no related party relationships that arise as a result of the scheme.

17.2 No agreement exists between the company and any of the parties mentioned in paragraphs (i) to (iii) of Regulation 106(4)(e) of the Takeover Regulations.

18. MATERIAL CHANGES

Orion announced on SENS on 14 January 2015 the details regarding the disposal of the Mountain View Shopping Centre as a going concern by Orion Property Holdings Trust, the seller, to Milprops 365 (Pty) Limited, the purchaser, for a consideration of R27 750 000.00. This was a Category 2 transaction in terms of the Listings Requirements. Other than as stated above there are no material changes to the financial position or trading position of the company and its subsidiaries since the publication of the company's financial statements for the year ended 30 June 2014.

The board does not believe that the business of the company will be affected by the scheme and there will be no material changes to the business of the company pursuant to the implementation of the scheme.

19. LITIGATION STATEMENTS

An amount of R2,6 million is under dispute regarding the Selborne Hotel acquisition. The matter remains under review.

The Body Corporate of Erf 195 Elma Park has initiated liquidation proceedings for arrear levies. This is being contested as the company question the levies raised as well as the expense allocation basis used. This amount to R4 635 508,13. The company is in the process of launching a counter application; however, are currently in negotiations in an attempt to settle the matter with the Body Corporate.

Other than the statements above, there are no other legal or arbitration proceedings against the company or its subsidiaries (including any such proceedings that are pending or threatened) of which the directors are aware, which may have or have had during the 12 months preceding the date of this circular, a material effect of the Orion group's financial position.

20. SECTION 114 REPORT

- 20.1 The board has appointed the independent expert (which meets the requirements set out in section 114(2) of the Companies Act) to advise it on the proposed scheme and to compile a report in terms of section 114 of the Companies Act to the board concerning the scheme. As stated in paragraph 11 above, TRP has granted dispensation not to provide valuation information as required by Regulations 90(6)(e) as there is no offer consideration against which the value the Orion linked units can be compared. The independent expert, having analysed the effects of the scheme, has concluded that there will be no adverse effects on Orion linked unitholders.
- 20.2 The independent expert has prepared a report to the board in compliance with section 114(3) of the Companies Act, which report is set out in Annexure 1 of the circular.

21. VIEWS OF THE BOARD

- 21.1 None of the directors have any conflict of interests in relation to the scheme and all directors are able to make impartial decisions in relation to the scheme. Accordingly, all directors are considered to be “independent” (as defined under Regulation 81 of the Takeover Regulations).
- 21.2 The board, having considered the terms and conditions of the scheme, and the opinion of the independent expert, is in favour of the scheme and the transaction and recommends that linked unitholders vote in favour of the resolutions set out in the notice of general meeting of Orion debenture holders and the notice of general meeting of Orion shareholders, to implement the scheme and the transaction.
- 21.3 The directors of the company who hold linked units intend to vote in favour of the resolutions set out in the notice of general meeting of Orion debenture holders and the notice of the general meeting of Orion shareholders, to implement the scheme and the transaction.

22. IRREVOCABLE UNDERTAKING

Mr Franz Gmeiner who indirectly holds 93.04% of the linked units has irrevocably undertaken to vote in favour of the resolutions set out in the notice of general meeting of Orion debenture holders and the notice of the general meeting of Orion shareholders.

23. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 12 of this circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief, the information contained in this circular is true, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the circular contains all information required by law and the JSE Listings Requirements.

24. CONSENTS

Each of the advisors as listed in the Corporate Information section, have consented in writing to act in the capacities stated and to their names and reports, as applicable in this circular, in the form and context in which they appear and have not withdrawn their consent prior to the publication of this circular.

25. COSTS

The following expenses and provisions are expected, or have been provided for or paid by the company in connection with the transaction. All the fees payable to the parties below are exclusive of value added tax:

Description	R
Corporate advisory fee payable to D P Cohen Consulting Proprietary Limited	350 000
Lead Transaction Sponsor fee payable to Deloitte & Touche Sponsor Services Proprietary Limited	300 000
Attorney's fees payable to Tugendhaft Wapnick Banchetti and Partners	450 000
Independent expert fees payable to BDO	70 000
TRP documentation fees	75 000
JSE documentation fees	25 246
Printing, publication and other costs	57 300
Total	1 327 546

26. DOCUMENTS AVAILABLE FOR INSPECTION

The documents listed below will be available for inspection during normal office hours on business days from the date of issue of this circular until the date of the general meeting of Orion debenture holders and general meeting of Orion shareholders, at the registered office of the company at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein.

- the MoI of the company and its subsidiaries;
- the Debenture Trust Deed;
- the report of the independent expert as set out in Annexure 1;
- consent letters referred to in paragraph 24;
- the letter issued by the TRP approving this circular in terms of Regulation 117 of the Takeover Regulations;
- TRP dispensation letter;
- irrevocable letter of undertaking referred to in paragraph 22;
- unaudited interim results for the six months ended 31 December 2014;
- the audited financial statements of the company for the years 30 June 2014, 30 June 2013 (restated) and 30 June 2012; and
- a signed copy of this circular.

For and on behalf of Orion Real Estate Limited

Signed on behalf of the board on 7 April 2015

Franz Gmeiner

OPINION OF THE INDEPENDENT EXPERT

The Directors
Orion Real Estate Limited
16th Floor
Orion House
49 Jorissen Street
Braamfontein
Johannesburg, 2000

8 April 2015

Dear Sirs

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO ORION REAL ESTATE LIMITED REGARDING THE DELINKING AND CANCELLATION OF THE ORION DEBENTURES

INTRODUCTION

Orion Real Estate Limited's ("Orion" or the "Company") application for real estate investment trust ("REIT") status was approved by the JSE Limited ("JSE") and will be effective on or about 10 April 2015.

Pursuant to the recent conversion of Orion into a REIT and for the purposes of converting Orion's combined unit capital structure into an equity-only structure, the board of directors of Orion ("Board" or "Directors") is proposing the delinking and cancellation of unsecured, variable rate debentures issued by Orion, in terms of the Orion Debenture Trust Deed, with a nominal value of 1 cent each (the "Orion Debentures") by way of a scheme of arrangement in terms of section 114(1)(c) of the Companies Act, 71 of 2008, as amended (the "Companies Act"), to be proposed by the Board between Orion and Orion Unitholders, in terms of which, the Orion Debentures will be cancelled for no consideration and the Orion Debenture Trust Deed will be terminated (the "Scheme"). The Scheme is part of a Capital Restructure which comprises, *inter alia*, the conversion of the Orion ordinary shares having a par value of 1 cent in the issued share capital of Orion into Orion ordinary shares of no par value (an Orion ordinary share of a par value of 1 cent each, or an Orion ordinary share of no par value, as the case may be are "Orion Shares") (the "Orion Share Conversion"). The Capital Restructure comprises the following steps:

- the delinking of the Orion Shares from the Orion Debentures so as to no longer constitute a linked unit;
- the cancellation of each Orion Debenture for no consideration;
- the capitalisation of the issue price of each Orion Debenture to Orion's share capital;
- the termination of the Orion Debenture Trust Deed without payment or other compensation to Orion Debenture holders;
- the Orion Share Conversion; and
- the amendment of Orion's Memorandum of Incorporation ("MOI") to reflect the change in Orion's capital structure.

Copies of sections 115 and 164 of the Companies Act are included as an Appendix A.

FAIR AND REASONABLE OPINION REQUIRED

The Scheme is an affected transaction as defined in section 117(1)(c)(iii) of the Companies Act. In terms of section 114(2) of the Companies Act, the directors of Orion are required to obtain independent external advice as to how the Scheme affects holders of relevant securities in Orion (the "Fair and Reasonable Opinion").

BDO Corporate Finance has been appointed by the Orion as the independent expert to evaluate the consequences of the Scheme and assess the effect of the Scheme on the value of Orion securities and on the rights and interests of the holders of Orion securities.

RESPONSIBILITY

Compliance with the Companies Act is the responsibility of the Orion. Our responsibility is to report on the fairness and reasonableness of the terms of the Scheme.

EXPLANATION AS TO HOW THE TERMS “FAIR” AND “REASONABLE” APPLY IN THE CONTEXT OF THE SCHEME

The “fairness” of a transaction is based on quantitative issues. A transaction may be said to be fair if the benefits, as a result of the transaction, are equal to or greater than the value ceded.

Orion Shares are irrevocably linked to Orion Debentures in the ratio of one Orion Share to one Orion Debenture, trading as linked units on the JSE. Following the implementation of the Scheme, Orion Linked Unitholders will cease to hold Orion Debentures and will be holders of Orion Shares only. The Scheme would be considered to be fair if the fair value of Orion Shares following the implementation of the Scheme is equal to or greater than the fair value of Orion Linked Units.

An assessment of reasonableness is generally based on factors other than quantitative considerations.

DETAILS AND SOURCES OF INFORMATION

In arriving at our opinion we have relied upon the following principal sources of information:

- The annual reports of Orion for the years ended 30 June 2013 and 2014;
- Condensed unaudited consolidated interim results of Orion for the six months ended 31 December 2014
- The terms and conditions of the Scheme and Capital Restructure;
- Orion’s MOI;
- The Orion Debenture Trust Deed as read with the various deeds of amendments and supplemental debenture trust deeds, which governs the creation and issue of the Orion Debentures;
- Discussions with Orion directors and management on prevailing market, economic, legal and other conditions which may affect underlying value.

The information above was secured from:

- Executive directors and management of Orion and their advisers; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Orion.

EFFECTS OF THE SCHEME

Orion is expected to be granted REIT status by the JSE effective on or about 10 April 2015. By 1 June 2015, and in terms of the revised section 13 Listings Requirements, the total consolidated liabilities of a REIT, measured in terms of International Financial Reporting Standards (“IFRS”) may not exceed 60% of its total consolidated assets, measured in terms of IFRS. Whilst the Orion Debentures are included as a liability in terms of this calculation, this is not a true reflection of third party debt owed by the Company as the Orion Debentures are effectively treated as equity by the Company. Orion, by cancelling the Orion Debentures, will reduce the ratio of its total consolidated IFRS liabilities (including Orion Debentures) to total consolidated IFRS assets as at 31 December 2014 from 45.7% to 39.2%.

The type and class of security holder affected by the transaction are Orion Unitholders who currently hold 630 698 688 Orion Debentures, linked to 630 698 688 Orion Shares, forming 630 698 688 Orion Linked Units.

The effect of the Scheme will be that the debenture component of the Orion Linked Unit will be cancelled and the value of the Orion Debentures will be capitalised to form part of the Company’s stated capital.

The material interests of the directors of Orion are set out below:

Director	Direct beneficial holding	Indirect beneficial holding	Total linked units held	% of issued linked units
F Gmeiner	2 321 188	588 737 355	591 058 543	93.71
AC Gmeiner	2 056 471		2 056 471	0.33
RS Wilkinson	250 000		250 000	0.04
FM Viruly (resigned from 18 March 2015)	50 000		50 000	0.01
Total	4 677 659	588 737 355	593 415 014	94.09

The effect of the Scheme on those interests and persons are set out in section 10 of the Circular.

Having analysed the effects of the Scheme, we have concluded that there will be no adverse effects on Orion Debenture Holders as Orion Debenture Holders will hold the same economic interest in Orion before and after the Scheme. The only material difference is that the former Orion Unitholder's will hold Orion Shares only with no linked Orion Debentures.

As there is no offer consideration against which the value of the Orion Linked Units can be compared we have not set out a range of valuations for Orion Linked Units as such a valuation range is not relevant for the purposes of the Scheme.

LIMITING CONDITIONS

This opinion is provided to the Orion Unitholders in connection with and for the purposes of the Scheme. The opinion does not purport to cater for each individual Orion Unitholder's perspective, but rather that of the general body of Orion Unitholders.

Individual Orion Unitholders' decisions regarding the Scheme may be influenced by such shareholders' particular circumstances and accordingly individual shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the Scheme.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

We have also assumed that the Scheme will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisers of Orion and we express no opinion on such consequences. Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or reaffirm our opinion based on such developments.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or reaffirm our opinion based on such developments.

INDEPENDENCE, COMPETENCE AND FEES

We confirm that BDO Corporate Finance meet the requirements as set out in section 114(2) of the Companies Act. We also confirm that we have the necessary qualifications and competence to provide the Fair and Reasonable Opinion on the Scheme.

Furthermore, we confirm that our professional fees of R70 000, payable in cash, are not contingent upon the success of the proposed Scheme.

OPINION

BDO Corporate Finance has considered the terms and conditions of the Scheme and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Scheme, based on quantitative considerations, are fair to the Orion Unitholders.

Based on qualitative factors, we are of the opinion that the terms and conditions of the Scheme are reasonable from the perspective of the Orion Unitholders.

It is our understanding that following the Scheme, there is no anticipated material change in Orion' business model.

Our opinion is necessarily based upon the information available to us up to 8 April 2015, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Scheme have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or reaffirm.

Yours faithfully

N Lazanakis

Director

BDO Corporate Finance (Pty) Limited

22 Wellington Road

Parktown

2193

APPENDIX A

115. Required approval for transactions contemplated in Part

(1) *Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:*

(a) *the disposal, amalgamation or merger, or scheme of arrangement:*

(i) *has been approved in terms of this section; or*

(ii) *is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and*

(b) *to the extent that Parts B and C of this Chapter, and the Takeover Regulations, apply to a company that proposes to:*

(i) *dispose of all or the greater part of its assets or undertaking;*

(ii) *amalgamate or merge with another company; or*

(iii) *implement a scheme of arrangement,*

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).

[Para. (b) substituted by s. 71 of Act 3/2011]

(2) *A proposed transaction contemplated in subsection (1) must be approved:*

(a) *by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and*

[Para. (a) substituted by s. 71 of Act 3/2011]

(b) *by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:*

(i) *the holding company is a company or an external company;*

(ii) *the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and*

(iii) *having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and*

[Subpara. (iii) substituted by s. 71 of Act 3/2011]

(c) *by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).*

(3) *Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:*

(a) *the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or [Para. (a) substituted by s. 71 of Act 3/2011]*

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

[Para. (b) substituted by s. 71 of Act 3/2011]

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:

(a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

(b) required to be voted in support of a resolution, or actually voted in support of the resolution.
[Subs. (4) substituted by s. 71 of Act 3/2011]

(4A) In subsection (4), "act in concert" has the meaning set out in section 117(1)(b).

[Subs. (4A) inserted by s. 71 of Act 3/2011]

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:

(a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or [Para. (a) substituted by s. 71 of Act 3/2011]

(b) treat the resolution as a nullity.

(6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:

(a) is acting in good faith;

(b) appears prepared and able to sustain the proceedings; and

(c) has alleged facts which, if proved, would support an order in terms of subsection (7).

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:

(a) the resolution is manifestly unfair to any class of holders of the company's securities; or

(b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:

(a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and

(b) was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:

(a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

(b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

(c) the transfer of shares from one person to another;

(d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

(e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

(f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

164. Dissenting shareholders' appraisal rights

- (1) *This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.*
- (2) *If a company has given notice to shareholders of a meeting to consider adopting a resolution to:*
 - (a) *amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or*
 - (b) *enter into a transaction contemplated in section 112, 113, or 114,*
that notice must include a statement informing shareholders of their rights under this section.
- (3) *At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.*
- (4) *Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:*
 - (a) *gave the company a written notice of objection in terms of subsection (3); and*
 - (b) *has neither:*
 - (i) *withdrawn that notice; or*
 - (ii) *voted in support of the resolution.*
- (5) *A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:*
 - (a) *the shareholder:*
 - (i) *sent the company a notice of objection, subject to subsection (6); and*
 - (ii) *in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;*
 - (b) *the company has adopted the resolution contemplated in subsection (2); and*
 - (c) *the shareholder:*
 - (i) *voted against that resolution; and*
 - (ii) *has complied with all of the procedural requirements of this section.*
- (6) *The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.*
- (7) *A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:*
 - (a) *20 business days after receiving a notice under subsection (4); or*
 - (b) *if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.*
- (8) *A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state: [Words preceding para. (a) substituted by s. 103 of Act 3/2011]*
 - (a) *the shareholder's name and address;*
 - (b) *the number and class of shares in respect of which the shareholder seeks payment; and*
 - (c) *a demand for payment of the fair value of those shares.*
- (9) *A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:*
 - (a) *the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);*

- (b) *the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or*
- (c) *the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.*

[Para. (c) substituted by s. 103 of Act 3/2011]

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of:

- (a) the day on which the action approved by the resolution is effective;*
- (b) the last day for the receipt of demands in terms of subsection (7)(a); or*
- (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.*

(12) Every offer made under subsection (11):

- (a) in respect of shares of the same class or series must be on the same terms; and*
- (b) lapses if it has not been accepted within 30 business days after it was made.*

(13) If a shareholder accepts an offer made under subsection (12):

- (a) the shareholder must either in the case of:*
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or*
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and*
- (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:*
 - (i) tendered the share certificates; or*
 - (ii) directed the transfer to the company of uncertificated shares.*

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:

- (a) failed to make an offer under subsection (11); or*
- (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.*

(15) On an application to the court under subsection (14):

- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;*
- (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and*
- (c) the court:*
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;*
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);*
 - (iii) in its discretion may:*
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or*

- (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
- (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
- (v) must make an order requiring:
 - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and [Item (aa) substituted by s. 103 of Act 3/2011]
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:

- (a) that shareholder must comply with the requirements of subsection 13(a); and
- (b) the company must comply with the requirements of subsection 13(b). [Subs. (15A) inserted by s. 103 of Act 3/2011]

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:

- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
- (b) the court may make an order that:
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:

- (a) the provisions of that section; or
- (b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

- (a) expressly provided in this section; or
- (b) that the Panel rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.

[Subs. (20) inserted by s. 103 of Act 3/2011]

DEBENTURE TRUSTEE'S APPROVAL

Orion Real Estate Limited
Attention: Company Secretary
16th Floor
Orion House
49 Jorissen Street
Braamfontein
2000

8 April 2015

Dear Sirs

RE: ORION'S CIRCULAR TO LINKED UNITHOLDERS DATED ON OR ABOUT 13 APRIL 2015 ("THE CIRCULAR")

I, George Ross Munro, being the Trustee of the Orion Real Estate Limited ("Orion") Principal Debenture Trust, hereby consent to the following proposed actions as contemplated in the special resolutions detailed in the Orion Circular. I consent to, and am in support of the following matters, on the basis that the said actions are regarded to be in the best interests of Orion linked unitholders (and therefore also the debenture holders) for the reasons as set out in the Circular:

- 1.1 the proposed amendment of the Principal Debenture Trust to permit the delinking, cancellation and capitalisation of the Orion debentures by inserting the following clause after clause 30 of the deed:

"31 DELINKING, CANCELLATION AND CAPITALISATION

Subject to a special resolution, the company may:

- 31.1 delink the ordinary shares and the debentures for the purpose of the cancellation and subsequent capitalisation as contemplated in 31.2 and 31.3;*
- 31.2 subsequent to the delinking as contemplated in 31.1, cancel the debentures and terminate the deed without payment to the debenture holders; and*
- 31.3 subsequent to the delinking and cancellation as contemplated in 31.1 and 31.2, capitalise the issue price of the debentures to the company's stated capital account."*

- 1.2 the proposed delinking of the Orion debenture and Orion ordinary share portions of the Orion linked unit and the subsequent capitalisation of the Orion debentures to the Company's stated capital account;
- 1.3 the subsequent capitalisation of the Orion debentures to Orion's stated capital account, whereafter linked unitholders will hold only ordinary shares in Orion, listed on the JSE; and
- 1.4 the termination of the Debenture Trust, with effect from the date of the approval by the debenture holders (effectively the current linked unitholders) of the proposed special resolution to terminate the Debenture Trust.

Yours faithfully

George Ross Munro

(Trustee of the Orion Real Estate Limited Debenture Trust)

MOI AMENDMENTS

The Following definitions have either been inserted, deleted or amended:

- The words “No 71 of” have been inserted into the definition of the Companies Act.
- Article 1.2.8, the definition of the Financial Markets Act, No 19 of 2012 has been amended, by changing the words ‘has the meaning’ to ‘means the’ so that the definition reads better.
- The definition of “Gross Income” in terms of the Income Tax Act, No 58 of 1962 has been inserted and is defined as “having the meaning ascribed thereto in section 1 of the Income Tax Act”.
- A definition referring to the Income Tax Act, No 58 of 1962 has been inserted.
- The definition of “Debenture” has been deleted.
- The definition of “Linked Unit” has been deleted.
- A definition of “REIT” has been inserted, and is defined “as having the meaning ascribed thereto in section 1 of the Income Tax Act”.
- A definition of “Rental Income” has been inserted and is defined as meaning “rental income as defined in section 25BB of the Income Tax Act”.
- The definition of “Shares” has been amended to read as follows – means an ordinary share of no par value in the share capital of the Company, having the rights and privileges set out in article 3, and “Shares” means more than one Share.
- The definition of “Shareholder” has been amended to now read as follows – means the registered holder of a Share who is entered as such in the Securities Register, subject to the provisions of section 57 of the Companies Act.

Article 2 – Incorporation and nature of the Company

- Article 2 has been amended by inserting clause 2.1.2.4, which states that the company is incorporated in accordance with and governed by the JSE Listings Requirements.
- Article 2.1.3 has been inserted and states that the Company’s Shares are listed on a Stock Exchange operated by the JSE.

Article 2.2 – Powers of the Company and Special Conditions

- Article 2.2 has been amended by inserting Article 2.2.1, which deals with the manner in which the Company must conduct its business and states that the Company must conduct its business, at all times, in a manner that complies with the provisions of section 25BB of the Income Tax Act and the requirements set by the JSE, for the Company to qualify as a REIT.
- Article 2.2.2 has been inserted, and makes the powers of the Company in Article 2.2.1 subject to clause 2.2.2.1, in that the Company has all legal powers and capacity contemplated in the Act (Companies Act).

Article 3 – Securities

- Article 3.1 has been amended by the deletion of the following words – “Each ordinary share is linked to a debenture to form a “linked unit”. Each share may only be issued and traded together with the debenture which is linked, until such time as it is de linked in accordance with the debenture trust deed and article 3.5.” This part of the Article has been deleted as the Company will no longer have a linked unit capital structure, but an all share capital structure post the capital restructure.

Article 3.5 – Linked Debentures

- This Article has been deleted in its entirety, as the Company will, post the capital restructure, no longer have a linked unit capital structure, but an all share capital structure.

Article 15 – Conduct of Business and Gross Income

- This article has been inserted. Article 15.1 provides that the Company must conduct its business in such a way that at least 75% of the Gross Income which it receives or is accrued by it, in the Year of Assessment, will consist of Rental Income.

Article 20 – Adoption

- This provision has been inserted and reads as follows – “This MOI was adopted by a special resolution of shareholders on 17 July 2013 and amended in terms of a special resolution of shareholders passed on 14 May 2015.”

LINKED UNIT PRICE HISTORY

Period	High (cents)	Low (cents)	Close (cents)	Volume	Value (R)
Monthly					
March 2015	31	27	27	210 000	57 100
February 2015	31	28	28	64 544	18 159
January 2015	31	28	31	95 833	26 882
December 2014	31	25	31	202 487	57 699
November 2014	31	25	31	148 298	41 136
October 2014	37	31	31	56 920	18 629
September 2014	33	29	33	154 064	50 098
August 2014	29	29	29	–	–
July 2014	29	25	29	30 410	8 819
June 2014	29	24	29	17 972	5 197
May 2014	29	24	29	5 515	1 599
April 2014	29	24	24	50 134	13 336
March 2014	30	23	24	73 220	18 265
February 2014	34	22	30	181 480	44 883
January 2014	30	23	23	162 700	38 476
Daily					
April 2015					
8	27	27	27	–	–
7	27	27	27	645	174
2	34	34	34	4 745	1 613
1	27	27	27	–	–
March 2015					
31	27	27	27	–	–
30	27	27	27	–	–
27	27	27	27	200 000	54 000
26	31	31	31	–	–
25	31	31	31	–	–
24	31	31	31	–	–
23	31	31	31	–	–
20	31	31	31	–	–
19	31	31	31	–	–
18	31	31	31	–	–
17	31	31	31	–	–
16	31	31	31	–	–
13	31	31	31	–	–
12	31	31	31	–	–
11	31	31	31	–	–
10	31	31	31	–	–
9	31	31	31	–	–
6	31	31	31	10 000	3100
5	28	28	28	–	–
4	28	28	28	–	–
3	28	28	28	–	–
2	28	28	28	–	–

Period	High (cents)	Low (cents)	Close (cents)	Volume	Value (R)
February 2015					
27	28	28	28	–	–
26	28	28	28	–	–
25	28	28	28	–	–
24	28	28	28	–	–
23	28	28	28	–	–
20	31	28	28	992	291
19	31	31	31	–	–
18	31	31	31	–	–
17	31	31	31	100	31
16	31	28	31	869	259
13	31	31	31	–	–
12	31	31	31	–	–
11	31	28	31	29 754	8 346
10	31	31	31	–	–
9	31	31	31	–	–

Source: JSE market information

DIRECTORS' INFORMATION

The table below sets out information pertaining to the current directors of Orion and its material subsidiaries:

NAME, QUALIFICATION, AGE AND NATIONALITY	FUNCTION	BUSINESS ADDRESS
Richard Wilkinson Age: 75	Non-executive Chairman	H15 – 2 Fairmile Hammock Island Thesen Islands Long Street Kynsna 6571
Franz Gmeiner Age: 56 BCom (Hons) CA(SA)	CEO and MD	16th Floor Orion House 49 Jorissen Street Braamfontein Johannesburg 2000
DR Antoinette Gmeiner Age: 52 DCur; Master Exec Coach	Non-executive Director	15th Floor Orion House 49 Jorissen Street Braamfontein Johannesburg 2000
Coen Nolte Age: 64 BCom, MBA	Financial Director	16th Floor Orion House 49 Jorissen Street Braamfontein Johannesburg 2000
Mlamuli Delani Mthembu Age: 57 BA (Hons) (UJ) MSc (Univ KZN)	Independent Non-executive Director	48A Bowling Road Bedfordview

Directors abridged curricula vitae are set out below:

1. Mr Richard Wilkinson

Mr Richard Wilkinson retired as Executive Director of the Institute of Directors in Southern Africa during 2003, a position he held since 1991. He provided the Secretariat to, and was a member of the King Committee on Corporate Governance. He holds several directorships on listed and non-listed companies and in the non-governmental organisational sector. He retired in 1991 as Executive Director of Rennies Group Limited having served the enterprise for 35 years.

2. Mr Franz Gmeiner

Mr Franz Gmeiner attained his BCom Accounting (Hons) and qualified as one of the top ten students in the Chartered Accountants examination in 1983. During his accountancy career he became a partner in Cohen and Gmeiner Accountants, which he led to become one of the largest auditing firms in South Africa. He founded a property company in 1991, which has grown into the current Orion Real Estate Limited, listed on the JSE Limited. During 1999 he took over the hotel operations of the Hotel Devonshire and since then the Orion Hotels division has built up a portfolio of 13 hotels. He is a member of several clubs and organisations and holds numerous directorships and trusteeships.

3. Dr Antoinette Gmeiner

Dr Antoinette Gmeiner is the chief executive officer of Orion Business Solutions, and also a director of OBS Coach House. She completed her doctorate in Nursing Science in 1993 at Rand Afrikaans University. She is a Master Executive Coach and has extensive coaching experience on executive committee and board level. She has been coaching for more than 14 years and has established an internal Coaching Programme for the Orion Group, where 21 teams are being coached on a monthly basis. Dr Antoinette Gmeiner and a partner, have a Business Partner relationship with an LPL (Learning Performance Link), as well as the ETDPA SETA, where they have established a coaching academy. She specialises in team coaching and has been coaching internal and external teams in organisations for more than 26 years.

4. Mr Coen Nolte

Mr Coen Nolte holds a BCom (UFS) and an MBA (WBS) degree and has completed a senior management course in New Venture Creation as well as senior courses in risk management and coaching. He has more than 30 years of management experience and specialises in strategic and business planning, startup of emerging businesses and the mentoring of emerging entrepreneurs. He has been instrumental in the repositioning of several major organisations. Mr Nolte has assisted emerging organisations and projects with their business and financial planning, structuring and strategic positioning. During the eighties and nineties he was, at executive management level, involved in the repositioning and financial turnaround of the SABC. Mr Nolte also assisted various private clients and the Government with the development of business plans, mostly in the fields of agriculture and agri-tourism.

5. Mr Delani Mthembu

Mr Delani Mthembu holds BA Honours HRD (UJ) and MSc Leadership and Innovation (UKZN) degrees. He has also completed a postgraduate certificate in Coaching from Middlesex University (UK) and Masters Level Accreditation by EMCC and WABC. Currently he is a PhD candidate at the University of KZN. He has memberships to various business organisations and is lecturing part time at various universities. Mr Mthembu has served as CEO and board member to a number of private and public organisations.

BOARD REPORT ON THE CONVERSION OF THE PAR VALUE ORDINARY SHARES INTO ORDINARY SHARES OF NO PAR VALUE

Regulation 31(7) of the Act requires the board of a company to cause a report to be prepared in respect of a proposed resolution to convert any par value shares into no par value shares (the "Report"). This annexure constitutes the Report in relation to the proposed conversion of the Orion ordinary shares from par value shares of 1 cent each to ordinary shares of no par value (the "proposed conversion"). The Board has satisfied itself that the proposed conversion from ordinary shares of par value to no par value will have no effect on Orion linked unitholders.

1. THE REPORT

In terms of Regulation 31(7) of the Act, the Report is required to, at a minimum:

- 1.1 state all information relevant to the value of the securities affected by the proposed conversion;
- 1.2 identify holders of the Company's securities affected by the proposed conversion;
- 1.3 describe the material effects that the proposed conversion will have on the rights of unitholders on the conversion of the Company's securities affected by the proposed conversion; and
- 1.4 evaluate any material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement.

2. INFORMATION RELEVANT TO THE VALUE OF THE SECURITIES AFFECTED BY THE PROPOSED CONVERSION

- 2.1 The securities affected by the proposed conversion are the authorised and issued ordinary shares in the share capital of the Company comprising 2 000 000 000 and 630 698 688 ordinary shares of 1 cent each.
- 2.2 Orion has no other class of authorised or issued shares.
- 2.3 Orion's ordinary shares are listed on the main board of the JSE Limited, trading under the share code ORE.
- 2.4 Information in relation to the historic net asset value, earnings, headline earnings and distributions per ordinary share of Orion is detailed in the financial statements of the Company for the three years ended 30 June 2012, 2013 and 2014, all of which will be available for inspection at the Company's registered office.
- 2.5 Given that the number of ordinary shares (and linked units) in Orion in issue and the rights attaching to those ordinary shares (and linked units) will be unaffected by the proposed conversion, the proposed conversion will have no impact on the historic net asset value and tangible net asset value per share. The proposed conversion will also have no effect on the distribution, and tax treatment thereof, that will be received by a Unitholder. The proposed conversion should as such have no impact on the price at which Orion linked unit trades on the JSE.
- 2.6 Following upon the delinking of the Orion ordinary shares and the cancellation of the Orion debentures and the capitalisation of the issue price to Orion's stated capital which will be proposed at the general meetings, Orion unitholders will hold only Orion ordinary par value shares which will then be converted into no par value shares as contemplated in this Report. The proposed conversion should as such, have no impact on the price at which an Orion share will then trade on the JSE.
- 2.7 In terms of Regulation 31(8) of the Act, the proposed resolutions contemplated in Subregulation (6), together with this Report will be filed with the Companies and Intellectual Property Commission and the South African Revenue Services at the same time that the Notice of General Meeting is published to the Orion linked unitholders.

3. HOLDERS OF THE COMPANY'S SECURITIES AFFECTED BY THE PROPOSED CONVERSION

- 3.1 The proposed conversion will affect the holders of the Company's linked units who comprise the holders of all of Orion's issued ordinary shares of 1 cent each (as the ordinary shares are held as part of an inseparable portion comprising the Orion linked unit) as at the record date to be entitled to attend the General Meeting to vote on the proposed conversion being Friday, 8 May 2015.

4. MATERIAL EFFECTS OF THE PROPOSED CONVERSION ON THE COMPANY'S SHAREHOLDERS

- 4.1 The proposed conversion results in the conversion of each ordinary share of 1 cent each into an ordinary share of no par value.
- 4.2 At present, the Orion ordinary shares are inseparably linked to the Orion debentures. Since, as indicated in paragraph 2.6 above, the Orion debentures will be cancelled, the converted shares will no longer form part of any linked units. Accordingly, after the proposed conversion, each shareholder of Orion will own the identical number of Orion ordinary shares as they held before the proposed conversion and the no par value shares will represent the same proportion of the total issued ordinary share capital of Orion as the par value ordinary shares they held before the proposed conversion. As the Orion ordinary shares are inseparably linked to the Orion debentures, the same will apply to the proportion of the total issued linked units held before the proposed conversion.
- 4.3 The proposed conversion has no other impact on any of the rights attaching to Orion's ordinary shares and the no par value ordinary shares will confer on the unitholder of Orion all of the same rights as they enjoyed as a holder of par value ordinary shares before the proposed conversion including (without limitation) rights to participate in the profits of the company on winding up.

5. EVALUATION OF MATERIAL ADVERSE EFFECTS OF THE PROPOSED CONVERSION AGAINST COMPENSATION OFFERED

- 5.1 As detailed in paragraph 3.3 above, the proposed conversion has no adverse effects on unitholders of Orion as they are in the same position and enjoy the same rights before and after the proposed conversion.
- 5.2 There is no compensation being offered in the context of the proposed conversion as there are no adverse effects of the proposed conversion on unitholders of the Company.

6. OTHER PROVISIONS OF REGULATION 31

In terms of Regulation 31(9) of the Regulations, a unitholder of the Company affected by the proposed conversion who believes that the proposal does not adequately protect their rights or otherwise fails to satisfy the requirements of the Act, may apply to the High Court for an order and the High Court may order that such an application is just and reasonable in the circumstances.

On behalf of the Board

Franz Gmeiner

8 April 2015

HISTORICAL FINANCIAL INFORMATION

TRP has granted the company the dispensation to provide an extract of the historical financial statements in a condensed format in contrast to the requirements of regulation 106(6)(d) which requires full annual financial statements. The dispensation was granted on the basis that there will be no prejudice to any shareholders, since there is no consideration payable to them in respect of the scheme and their rights and economic interest in the Company will not in any way be affected by the scheme. The full annual financial statements for the years ended 2014, 2013 and 2012 are also open for inspection at the company's registered office per paragraph 26 of the circular and are also available on Orion's website.

This report of historical financial information of Orion Real Estate Limited ("Orion") is the responsibility of the Orion Directors.

DIRECTORS REPORT

Orion delivered a total distribution for the year ended 30 June 2014 of 0.41 cents per linked unit (2013: 0.12 cents) representing growth in distributions to linked unitholders of 241.67%.

Revenue and Profit before taxation increased by 10.8% (2013: 4.5% decrease) and 56.5% (2013: 59.7% decrease) respectively, compared with the prior comparative period. The 2014 increase in Revenue and Profit before taxation can in part be attributed to the increase in rental income. The percentage of cost recovery in respect of municipal charges also improved during the 2014 period due to increased focus on energy management initiatives.

NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and the recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and The Financial Pronouncements as issued by the Financial Reporting standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of these condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous financial statements. Orion adopted the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board which were effective and applicable to the group from 1 July 2013, none of which had any material impact on the Orion Group's financial results.

These condensed consolidated financial statements have been prepared under the historical cost convention except for investment properties which are measured at fair value and certain financial instruments which are measured at either fair value or amortised cost. The fair value of investment properties is determined by either making use of an independent accredited valuator or by the directors based on current market conditions. Property valuations are considered to be level 3 on the fair value hierarchy and makes use of significant assumptions that are based on inputs that are not observable in the market and necessitates the use of internal information in situations in which there is little market activity. There were no transfers between fair value hierarchy levels during the year. There have been no material changes in judgements or estimates of amounts reported in previous periods except for related party trade receivables being restated after being discounted.

Related parties due to common control by director

Orion Business Solutions Proprietary Limited
Fargoscene Proprietary Limited
OFM Property Management Proprietary Limited
Orion Hotels & Resorts Proprietary Limited
Orion Hotels & Resorts (SA) Proprietary Limited
Orion Agri Proprietary Limited
Eagle Fleet Solutions Proprietary Limited
Gmeiner Investment Holding Proprietary Limited
Orion Security Services Proprietary Limited

Commitments

The group has capital commitments, not yet incurred, of R15 163 000 in respect of capital expenditure contracted for at 30 June 2014 to acquire the Selborne Hotel. The group has additional capital commitment of R2 100 000 in respect of capital expenditure to acquire the parking lot at Wendywood Shopping Centre.

Subsequent events

Subsequent to reporting date the group has sold the following investment properties:

Marlboro 142
Score – Mfuleni
Mountain View Shopping Centre

Contingent liabilities

The company has signed surety of R8 400 000 for the obligations of its subsidiaries in respect of mortgage bond finance.

An amount of R2.6 million is under dispute regarding the Selborne Hotel acquisition. The matter remains under review.

The Body Corporate of Erf 195 Elma Park (a subsidiary of Orion) has initiated liquidation proceedings for arrear levies. These are being contested by mentioned company as we question the levies raised as well as the expense allocation basis used. The company is in the process of launching a counter application; however, are currently in negotiations in an attempt to settle the matter with the Body Corporate.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Figures in Rand	30 June 2014 12 months Restated	30 June 2013 12 months Restated	30 June 2012 12 months Audited
ASSETS			
Non-current assets	803 667 130	745 310 508	695 858 856
Gross investment properties	783 223 686	733 823 518	695 577 519
Straight-line rental income adjustment	(11 045 878)	(9 175 070)	(9 337 896)
Net investment properties	772 177 808	724 648 448	686 239 623
Straight-line lease asset	10 193 238	9 175 070	9 028 615
Property, plant and equipment	1 289 050	564 705	590 618
Trade and other receivables	20 007 034	10 922 285	–
Current assets	31 254 311	29 631 485	33 993 706
Loans to related parties	14 508 175	5 740 324	2 700 135
Loans to directors	160 071	–	–
Straight-line lease asset	852 643	–	–
Trade and other receivables	14 959 234	19 703 737	28 335 287
Cash and cash equivalents	774 188	4 187 424	2 958 284
Investment properties held for sale	–	24 650 000	16 190 000
Total assets	834 921 441	799 591 993	746 042 562
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	74 235 526	74 235 526	74 235 526
Debenture reserve	10 675 886	10 675 886	10 675 886
Retained earnings	369 012 064	329 090 478	303 725 058
Total equity attributable to owners of the parent	453 923 476	414 001 890	388 636 470
Non-controlling interest	(270 127)	(271 212)	(267 426)
Total equity	453 653 349	413 730 678	388 369 044
Non-current liabilities	302 024 802	297 834 463	169 806 707
Linked debentures	54 974 397	54 438 419	49 386 923
Borrowings	167 250 231	169 992 645	51 796 490
Deferred tax liabilities	79 800 174	73 403 399	68 623 294
Current liabilities	79 243 290	88 026 852	187 866 811
Current income tax liabilities	11 005 713	13 064 856	12 715 619
Loans from shareholders	–	–	1 998 792
Loans from directors	18 508	18 508	2 598 511
Loans from related parties	435 360	2 126 356	905 609
Tenant deposits	6 563 381	6 371 863	6 246 795
Trade and other payables	38 718 411	30 141 534	24 448 808
Borrowings	17 923 438	33 846 265	136 569 656
Bank overdraft	4 578 479	2 457 470	2 383 021
Total liabilities	381 268 092	385 861 315	357 673 518
Total equity and liabilities	834 921 441	799 591 993	746 042 562
Linked units in issue	630 698 688	630 698 688	630 698 688
Net asset value per linked unit (cents)	81.16	74.71	69.86

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	30 June 2014	30 June 2013	30 June 2012
	12 months	12 months	12 months
Figures in Rand	Restated	Restated	Audited
Revenue	101 059 214	91 224 924	95 473 815
<i>Gross property revenue</i>	96 708 822	87 198 739	90 828 412
Property revenue	94 838 010	87 361 565	90 155 895
Straight-line of lease accrual	1 870 812	(162 826)	672 517
Other income	3 049 775	2 177 891	3 043 398
Other direct property operating costs	(68 146 174)	(56 650 405)	(60 791 997)
Administrative and management expenses	(200 760)	(10 578 716)	(11 965 192)
Repairs and maintenance	(7 982 122)	(5 635 341)	(4 951 860)
Fair value adjustment	38 816 938	40 763 417	72 376 415
Gross change in fair value of investment property	40 687 749	40 600 591	73 048 932
Straight-line lease adjustment	(1 870 812)	162 826	(672 517)
<i>Fair value adjustment to debtors</i>	4 656 177	(5 102 415)	–
Operating profit before interest	66 902 656	52 173 170	88 539 176
Finance income	3 171 429	1 685 468	2 274 522
Linked debenture interest	(535 978)	(5 051 496)	5 656 163
Finance costs	(19 534 947)	(16 865 413)	(17 205 419)
Profit before taxation	50 003 160	31 941 729	79 264 442
Taxation	(10 080 489)	(6 580 095)	(31 384 825)
Profit for the year	39 922 671	25 361 634	47 879 617
Other comprehensive income	–	–	–
Total comprehensive income for the year	39 922 671	25 361 634	47 879 617
Profit/(Loss) and total comprehensive income/(loss) for the year attributable to:			
Owners of the parent	39 921 586	25 365 420	47 966 586
Non-controlling interest	1 085	(3 786)	(86 969)
	39 922 671	25 361 634	47 879 617
Linked units in issue	630 698 688	630 698 688	630 698 688
Weighted linked units in issue	627 009 822	627 009 822	627 009 822
Basic and diluted earnings per linked unit (cents)	6.37	4.05	7.65
Interest distribution per linked unit (cents)	0.41	0.12	0.04
DISTRIBUTABLE EARNINGS			
Profit before taxation	50 003 160	31 941 729	79 264 442
Adjusted for:			
Linked debenture interest (amortisation)	535 978	5 051 496	(5 656 163)
Fair value adjustment to trade receivables (discounting)	(4 656 177)	5 102 415	–
Debenture interest distribution	2 597 606	747 524	279 674
Fair value adjustment on investment properties	(38 816 938)	(40 763 417)	(72 376 415)
Operating lease adjustment	(1 870 812)	162 826	(672 517)
Profit distributable to linked unit holders	7 792 817	2 242 573	839 021
RECONCILIATION – EARNINGS TO DISTRIBUTABLE EARNINGS			
Basic earnings attributable to equity holders of the parent	39 921 586	25 365 420	47 966 586
Fair value adjustment to investment properties	(40 687 750)	(40 600 591)	(72 376 415)
Linked debenture amortisation	535 978	5 051 496	(5 656 163)
Net (profit)/loss on disposal of investment property	(1 560 426)	792 564	636 000
Deferred tax	7 444 213	6 163 600	13 508 913
Capital gains tax	3 365 964	–	16 338 726
Headline and diluted earnings	9 019 565	(3 227 511)	417 647
Net (profit)/loss on disposal of investment property	1 560 426	(792 564)	(636 000)
Tax adjustments	(2 787 174)	6 262 648	1 057 374
Distributable earnings	7 792 817	2 242 573	839 021
Headline earnings per linked unit (cents)	1.44	(0.51)	0.07

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Share premium	Total share capital and premium	Debenture reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 30 June 2011	6 270 098	67 965 428	74 235 526	10 675 886	255 758 472	340 669 884	(180 457)	340 489 427
Total comprehensive income for the year – profit					47 966 586	47 966 586	(86 969)	47 879 617
Balance at 30 June 2012	6 270 098	67 965 428	74 235 526	10 675 886	303 725 058	388 636 470	(267 426)	388 369 044
Total comprehensive income for the year – profit/(loss) as previously stated					30 467 835	30 467 835	(3 786)	30 464 049
Restatement for discounting of trade receivables					(5 102 415)	(5 102 415)		(5 102 415)
Balance at 30 June 2013	6 270 098	67 965 428	74 235 526	10 675 886	329 090 478	414 001 890	(271 212)	413 730 678
Total comprehensive income for the year – profit as previously stated					34 819 171	34 819 171	1 085	34 820 256
Restatement for discounting of trade receivables					5 102 415	5 102 415		5 102 415
Balance at 30 June 2014	6 270 098	67 965 428	74 235 526	10 675 886	369 012 064	453 923 476	(270 127)	453 653 349

CONSOLIDATED STATEMENTS OF CASH FLOW

Figures in Rand	30 June 2014 12 months Audited	30 June 2013 12 months Audited	30 June 2012 12 months Audited
Cash flows from/(to) operating activities	25 433 111	14 419 542	23 079 023
Cash generated by operations	30 351 996	15 094 811	23 148 936
Interest received	3 171 429	1 685 468	2 274 522
Interest paid	(1 454 054)	(909 984)	(734 732)
Taxation paid	(6 636 260)	(1 450 753)	(1 609 703)
Cash flows to investing activities	7 469 774	(10 171 662)	3 342 936
Loans advanced to related parties	(8 767 851)	(3 040 189)	(2 700 000)
Loans advanced to directors	(160 071)	–	–
Additions to investment property	(11 600 000)	(12 295 407)	–
Proceeds on sale of investment property	29 098 006	5 397 436	6 600 000
Purchases of property, plant and equipment	(1 100 310)	(233 502)	(557 064)
Cash flows (to)/from financing activities	(38 437 130)	(3 093 189)	(24 598 672)
Proceeds from loans from shareholders	–	(1 998 792)	526 885
Repayment of loans from directors	–	(2 580 003)	–
Repayment of loans from related parties	(1 690 996)	–	–
Proceeds from loans from related parties	–	1 220 747	(830 572)
Interest paid	(18 080 893)	(15 207 905)	(16 470 687)
Increase in interest bearing borrowings	–	15 472 764	–
Decrease in interest bearing borrowings	(18 665 241)	–	(7 824 298)
Net increase in cash, cash equivalents and bank overdrafts	(5 534 245)	1 154 691	1 823 287
Cash, cash equivalents and bank overdrafts at the beginning of the year	1 729 954	575 263	(1 248 024)
Cash, cash equivalents and bank overdrafts at the end of the year	(3 804 291)	1 729 954	575 263

SEGMENTAL INFORMATION

	30 June 2014 12 months Restated		30 June 2013 12 months Restated		30 June 2012 12 months Audited		
Revenue (excluding recoveries)	R	%	R	%	R	%	
Commercial	35 088 213	47	28 226 808	41	30 539 465	43	
Industrial	9 216 222	12	10 389 598	15	11 337 101	16	
Retail	24 057 345	33	19 908 982	29	19 906 389	28	
Hospitality	4 246 290	6	8 732 180	13	8 558 721	12	
Residential	1 158 981	2	983 143	1	811 681	1	
	73 767 051	100	68 240 711	100	71 153 357	100	
The group does not have any inter-segment revenue.							
Profit before taxation							
Commercial	24 473 062	49	22 220 053	70	19 369 619	24	
Industrial	11 413 154	23	3 611 357	11	27 753 993	35	
Retail	6 625 057	13	9 185 734	29	21 436 987	27	
Hospitality	10 733 998	21	(325 138)	(1)	15 983 352	20	
Residential and land	(3 242 111)	(6)	(2 750 277)	(9)	(5 279 509)	(7)	
	50 003 160	100	31 941 729	100	79 264 442	100	
Property values (including properties held for sale, before adjustment for straight-lining of leases)							
Commercial	329 978 783	43	299 379 166	39	269 395 965	38	
Industrial	86 843 163	11	96 732 072	13	102 999 264	14	
Retail	182 559 352	23	184 985 965	24	187 172 134	26	
Hospitality	81 999 571	10	79 881 715	11	74 719 819	11	
Residential	48 442 817	6	44 094 600	6	44 395 941	7	
Land	53 400 000	7	53 400 000	7	32 775 115	5	
	783 223 686	100	758 473 518	100	711 458 238	100	
Borrowings (excluding instalment sales and loans)							
Commercial	71 554 364	43	78 141 672	43	81 923 338	46	
Industrial	25 597 334	15	28 180 201	15	31 574 055	17	
Retail	49 138 070	30	55 189 383	30	42 648 757	24	
Hospitality	11 281 707	7	13 320 476	7	14 981 669	8	
Residential	8 441 724	5	9 205 157	5	9 910 358	5	
	166 013 199	100	184 036 889	100	181 038 177	100	
Rating of Tenants (Rental Income)							
Commercial	A	3 583 868	6	3 448 844	6	5 639 728	10
	B	8 819 767	15	8 479 851	16	14 922 327	26
	C	13 380 752	22	10 805 341	20	8 936 218	15
Industrial	A	–	–	–	–	–	–
	B	5 285 476	9	5 000 179	9	6 089 744	10
	C	2 644 652	4	3 821 299	7	3 530 484	6
Retail	A	2 999 091	5	2 659 484	5	7 863 855	14
	B	4 849 775	8	3 932 168	7	293 657	1
	C	13 254 761	22	12 570 179	23	6 690 738	11
Hospitality	A	–	–	–	–	–	–
	B	3 944 524	7	3 230 520	6	3 425 743	6
	C	–	–	–	–	–	–
Residential	A	–	–	–	–	–	–
	B	–	–	–	–	–	–
	C	1 173 669	2	983 143	1	811 680	1
	59 936 335	100	54 931 008	100	58 204 174	100	



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/021085/06)

Share code: ORE ISIN: ZAE000075651

("Orion" or "the company")

NOTICE OF GENERAL MEETING OF ORION DEBENTURE HOLDERS

THE ATTENTION OF DEBENTURE HOLDERS IS DRAWN TO APPENDIX A OF THE INDEPENDENT EXPERT'S REPORT, WHICH SETS OUT THE PROVISIONS OF SECTION 115 AND SECTION 164 OF THE COMPANIES ACT, No. 71 OF 2008 (THE "COMPANIES ACT").

Introduction

All terms defined in the circular to which this notice of the general meeting of Orion debenture holders is attached shall bear the same meanings herein.

The resolutions to approve the scheme are required to be approved by the debenture holders and shareholders. In view of the capital structure of Orion, which comprises Orion linked units, all Orion linked unitholders are both Orion shareholders and Orion debenture holders. Both the notice of the general meeting of Orion debenture holders ("this notice") and the notice of the shareholders' scheme meeting are applicable to each and every Orion linked unitholder.

All the resolutions to approve the scheme which are required to be passed by the debenture holders and shareholders, are conditional upon one another, and will only be of force and effect if all such resolutions are passed. All the special resolutions will take effect on the scheme operative date.

Notice of general meeting of Orion debenture holders

Notice is hereby given that a general meeting of the debenture holders of the company ("**debenture holders**") will be held at 10:00 on Thursday, 14 May 2015 at the registered office of the company at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein (the "**general meeting of Orion debenture holders**"), for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

This notice includes resolutions upon which debenture holders are required to vote under the Debenture Trust Deed. The record date on which debenture holders must be recorded as such in the securities register maintained by the transfer secretaries for the purposes of being entitled to attend and vote at the general meeting of Orion debenture holders is Friday, 8 May 2015.

In terms of section 62(3)(e) of the Companies Act:

- a debenture holder who is entitled to attend and vote at the debenture holder' scheme meeting in respect of the debenture holder resolutions is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the general meeting of Orion debenture holders in the place of the debenture holder; and
- a proxy need not be a shareholder or debenture holder of the company.

Kindly note that, in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of debenture holders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a debenture holder or as a proxy for a debenture holder) has been reasonably verified. Accordingly, all debenture holders recorded in the registers of the company on the voting record date will be required to provide identification satisfactory to the chairman of the general meeting of Orion debenture holders in order to participate in and vote at the general meeting of Orion debenture holders. Forms of identification include valid identity documents, drivers' licences and passports.

In respect of all the resolutions to be passed at the general meeting of Orion debenture holders, debenture holders have the rights under section 164 of the Companies Act, a copy of which is included as Appendix A to Annexure 1 of the circular.

SPECIAL RESOLUTION NUMBER 1: Amendment of the Debenture Trust Deed.

“RESOLVED THAT, in order to make provision for, and to facilitate the delinking of the Orion debentures from the Orion ordinary shares, and the cancellation of the debentures and the capitalisation of the issue price thereof to Orion’s stated capital, the Debenture Trust Deed is amended in terms of clause 24.2.2 (it being recorded that the prior written consent of Orion to the amendment has been obtained in terms of clause 24.2), by inserting the following clause after clause 30 of the Debenture Trust Deed:

“31 *DELINKING, CANCELLATION AND CAPITALISATION*

Subject to a special resolution, the company may:

- 31.1 *delink the ordinary shares and the debentures for the purpose of the cancellation and subsequent capitalisation as contemplated in 31.2 and 31.3;*
- 31.2 *subsequent to the delinking as contemplated in 31.1, cancel the debentures and terminate the deed, without payment to the debenture holders; and*
- 31.3 *subsequent to the delinking and cancellation as contemplated in 31.1 and 31.2, capitalise the issue price of the debentures from an accounting perspective for the purposes of financial reporting in accordance with IFRS to the company’s stated capital account attributable to the ordinary shares and to increase the contributed tax capital attributable to the ordinary shares by the issue price of the debentures.*

Any member of the board of directors of the company and the trustee is further authorised to execute any supplemental trust deed embodying the amendments referred to above.”

SPECIAL RESOLUTION NUMBER 2: Delinking of the ordinary shares and debentures.

“RESOLVED THAT, following and subject to the passing of special resolution number 1 and in order to facilitate the cancellation of the debentures, the capitalisation of the issue price of the debentures to Orion’s stated capital attributable to the ordinary shares from an accounting perspective for the purposes of financial reporting in accordance with IFRS, the increase of the contributed tax capital attributable to the ordinary shares of Orion by the issue price of the debentures, the delinking of ordinary shares and debentures comprising the linked units in issue, be and is hereby approved.”

SPECIAL RESOLUTION NUMBER 3: Cancellation of the Orion debentures and the termination of the Orion Debenture Trust Deed.

“RESOLVED THAT, in accordance with section 114(1)(c) of the Companies Act, and pursuant to section 25BB of the Income Tax Act, No. 58 of 1962 (“Income Tax Act”), following and subject to the passing of special resolution numbers 1 and 2, and with effect immediately after the MOI amendments are filed with the Companies and Intellectual Property Commission in terms of section 16(9)(b)(i), the Orion debentures be cancelled, without payment to Orion debenture holders and the Orion Debenture Trust Deed be terminated.”

SPECIAL RESOLUTION NUMBER 4: Capitalisation of Orion debentures to form part of Orion’s stated capital account.

“RESOLVED THAT, subject to the passing of special resolution numbers 1, 2 and 3, and with effect immediately after special resolution number 3 takes effect, the issue price of each debenture as reflected in the books of account of Orion, be capitalised to form part of Orion’s stated capital account attributable to ordinary shares from an accounting perspective for the purposes of financial reporting in accordance with IFRS, as contemplated in section 25BB(8) of the Income Tax Act.”

Voting requirement

Special resolution numbers 1, 2, 3 and 4 require the support of a majority of not less than 75% of the votes cast by debenture holders, present in person or by proxy, to be approved.

Reason and effect

The reason for and effect of special resolution numbers 1, 2, 3 and 4 are to approve the delinking of the Orion ordinary shares and Orion debentures which presently comprise Orion linked units and thereafter the cancellation of the Orion debentures and capitalisation of the Orion debentures to stated capital as contemplated in section 25BB(8) of the Income Tax Act in order to be aligned with the pre-eminent capital structure of international REIT’s, the capital structures of which consist entirely of equity, to simplify the accounting treatment of Orion’s capital structure and to comply with the requirements of the JSE regarding the capital structure of REIT’s. The delinking of Orion linked units and the cancellation of the Orion debentures and the capitalisation of the value thereof will have no tax consequences for Orion or Orion debenture holders.

ORDINARY RESOLUTION NUMBER 1: General authority

“Resolved that any director of the company and/or the company secretary be and are hereby authorised to do all such things and sign all such documents as are necessary to give effect to the special resolutions and ordinary resolution proposed and passed at the debenture holders’ scheme meeting at which this ordinary resolution is proposed.”

Voting requirement

Ordinary resolution number 1 will require the support of a majority of the debenture holders present in person or by proxy, to be approved.

WAIVER OF CONDITIONS

It is specifically recorded and agreed that any of the conditions to which a resolution may be subject is and will remain capable of waiver by the board of directors of the company without any further debenture holder approval being required.

QUORUM

A quorum for the purposes of considering the debenture holder special resolutions above shall consist of the debenture holders present in person or by proxy and holding in aggregate a minimum of 25% of the debentures then in issue. A quorum for the purposes of considering debenture holder ordinary resolution number 1 shall consist of the debenture holders present in person or by proxy and holding in aggregate not less than one-tenth of the debentures then in issue.

DEBENTURE HOLDERS

General instructions

Debenture holders are encouraged to attend, speak and vote at the general meeting of Orion debenture holders.

Electronic participation

The company has made provision for debenture holders or their proxies to participate electronically in the general meeting of Orion debenture holders by way of telephone conferencing. Should you wish to participate in the general meeting of Orion debenture holders by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 10:00 on Tuesday, 12 May 2015, by submitting by email to the company secretary at cdkneale@mweb.co.za or by fax to +27 11 252 6503, for the attention of Clive Kneale, relevant contact details, including an email address, cellular and landline number as well as full details of the debenture holder’s title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated linked units) and (in the case of dematerialised linked units) written confirmation from the debenture holder’s CSDP confirming the debenture holder’s title to the dematerialised linked units. Upon receipt of the required information, the debenture holder concerned will be provided with a secure code and instructions to access the electronic communication during the general meeting of Orion debenture holders. Debenture holders must note that access to the electronic communication will be at the expense of the debenture holders who wish to utilise the facility.

Debenture holders and their appointed proxies attending by conference call will not be able to cast their votes at the general meeting of Orion debenture holders through this medium.

Proxies and authority for representatives to act

A form of proxy is attached for the convenience of any debenture holder holding certificated linked units, who cannot attend the general meeting of Orion debenture holders but wishes to be represented thereat.

The attached form of proxy is only to be completed by those debenture holders who are:

- holding linked units in certificated form; or
- recorded on the company’s sub-register in dematerialised electronic form with “own name” registration.

All other beneficial owners who have dematerialised their units through a Central Securities Depository Participant (“CSDP”) or broker and wish to attend the general meeting of Orion debenture holders, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These debenture holders must not use a form of proxy.

Forms of proxy must be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Tuesday, 12 May 2015, failing which such proxy shall be invalid.

A proxy shall be deemed to have the right to demand or join in demanding a poll.

A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death or incapacity of the debenture holder concerned or revocation of the proxy or of the authority under which the proxy was executed or the transfer of debentures in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the company at the office of its transfer secretaries more than, and that the transfer has been given effect to by the company less than, 30 (thirty) minutes before the commencement of the general meeting of Orion debenture holders.

A company that is a debenture holder, wishing to attend and participate at the general meeting of Orion debenture holders should ensure that a resolution authorising a representative to so attend and participate at the general meeting of Orion debenture holders on its behalf is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the general meeting of Orion debenture holders.

The company does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised unitholder to notify such debenture holder of the general meeting of Orion debenture holders or any business to be conducted thereat.

GENERAL NOTES

1. A member entitled to attend and vote at the general meeting of Orion debenture holders, may appoint a proxy to attend, speak and vote in his or her stead. A proxy need not be a member of the company.
2. All forms of proxy or other instruments of authority must be deposited with the transfer secretaries, so as to be received no later than 10:00 on Tuesday, 12 May 2015, failing which the proxy shall be invalid. Debenture holders who are companies or other bodies corporate may, by resolution of its directors or other governing body, authorise any person to act as its representative at the general meeting of the Orion debenture holders.
3. Debenture holders who have not dematerialised their linked units and own-name dematerialised unitholders who are unable to attend the general meeting of the Orion debenture holders and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and return it to the transfer secretaries, so as to be received no later than 10:00 Tuesday, 12 May 2015.
4. Debenture holders who have dematerialised their linked units with a CSDP or broker, other than with own-name registration, should advise their CSDP or broker with their voting instruction in terms of the agreement entered into between them and their CSDP or broker. Linked unitholders who have dematerialised their linked units and wish to attend the general meeting of Orion debenture holders must contact their CSDP or broker who will furnish them with the necessary authority to attend the general meeting of the Orion debenture holders.
5. Debenture holders who have dematerialised their linked units, other than with own-name registration, must not return the form of proxy to the transfer secretaries. Their instructions must be sent to their CSDP or broker for action.
6. On a show of hands, any person present and entitled to vote, as a debenture holder or as a proxy, shall have only one vote.
7. On a poll, any debenture holder or his proxy shall have one vote for every debenture of which he is the registered holder or representative.

By order of the board

Orion Real Estate Limited

13 April 2015

Registered office

16th Floor
Orion House
49 Jorissen Street
Braamfontein



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 1997/021085/06)
 Share code: ORE ISIN: ZAE000075651
 ("Orion" or "the company")

FORM OF PROXY – GENERAL MEETING OF ORION DEBENTURE HOLDERS

THIS FORM OF PROXY IS ONLY FOR USE BY:

- registered debenture holders who have not yet dematerialised their debentures;
- registered debenture holders who have already dematerialised their debentures and which debentures are registered in their own names in the company's sub-register.

For completion by the aforesaid registered debenture holders who are unable to attend the scheme meeting of debenture holders of the company to be held at the office of the company at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein at 10:00 on Thursday, 14 May 2015 ("the general meeting of Orion debenture holders").

A separate form of proxy has been included for use by shareholders who are unable to attend the general meeting of shareholders of the company to be held at the office of the company at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein at the later of 10:30 or 10 minutes after the completion of the general meeting of Orion debenture holders.

If you are a dematerialised debenture holder, other than with "own name" registration, do not use this form. Dematerialised debenture holders, other than with "own name" registration, should provide instructions to their appointed Central Securities Depository Participant ("CSDP") or broker in the form as stipulated in the agreement entered into between the debenture holder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (Address)

Telephone number

Cellphone number

being the holder of Orion debentures hereby appoint:

1. _____ or failing him,
 2. _____ or failing him,

3. the chairman of the general meeting of Orion debenture holders

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the general meeting of Orion debenture holders and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the general meeting of Orion debenture holders, and, on a poll, to vote on the resolutions in respect of the debentures registered in my/our name(s):

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

	Number of votes		
	*In favour of	*Against	*Abstain
Debenture holder special resolution number 1: Amendment of the Debenture Trust Deed			
Debenture holder special resolution number 2: Delinking of linked units			
Debenture holder special resolution number 3: Cancellation of debentures and termination of the Debenture Trust Deed			
Debenture holder special resolution number 4: Capitalisation of debentures to form part of stated capital account			
Debenture holder ordinary resolution number 1: General authority			

One vote per debenture held by debenture holders recorded in the register on the voting record date.

Unless otherwise instructed my proxy may vote or abstain from voting as he/she thinks fit.

Signed this _____ day of _____ 2015

Signature(s)

(State capacity and full name)

Assisted by me (where applicable)

A debenture holder entitled to attend and vote at the general meeting of Orion debenture holders is entitled to appoint a proxy to attend, speak and, on a poll, vote in his/her stead. A proxy need not be a member of the company. Each debenture holder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that debenture holder at the general meeting of Orion debenture holders.

Forms of proxy must be deposited at Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Tuesday, 12 May 2015.

Please read notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY:

1. Only debenture holders who are registered in the register of the company under their own name on the date on which debenture holders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited being Friday, 8 May 2015 (the "**voting record date**"), may complete a form of proxy or attend the general meeting of Orion debenture holders. This includes debenture holders who have not dematerialised their linked units or who have dematerialised their linked units with "own name" registration. The person whose name stands first on the form of proxy and who is present at the general meeting of Orion debenture holders will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not be a linked unitholder of the company.
2. Certificated debenture holders wishing to attend the general meeting of Orion debenture holders have to ensure beforehand with the transfer secretaries of the company (being Computershare Investor Services Proprietary Limited) that their securities are registered in their own name.
3. Beneficial debenture holders whose debentures are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered debenture holder and they should contact the registered debenture holder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the general meeting of Orion debenture holders.
4. Dematerialised debenture holders who have not elected "own name" registration in the register of the company through a Central Securities Depository Participant ("**CSDP**") and who wish to attend the general meeting of Orion debenture holders, must instruct the CSDP or broker to provide them with the necessary authority to attend.
5. Dematerialised debenture holders who have not elected "own name" registration in the register of the company through a CSDP and who are unable to attend, but wish to vote at the general meeting of Orion debenture holders, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that linked unitholder and the CSDP or broker.
6. A debenture holder may insert the name of a proxy or the names of two or more alternative proxies of the debenture holder's choice in the space, with or without deleting "the chairman of the general meeting of Orion debenture holders". The person whose name stands first on the form of proxy and who is present at the general meeting of Orion debenture holders will be entitled to act as proxy to the exclusion of those whose names follow.
7. A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death or incapacity of the debenture holder concerned or revocation of the proxy or of the authority under which the proxy was executed or the transfer of debentures in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the company at the office of its transfer secretaries more than, and that the transfer has been given effect to by the company less than, 30 (thirty) minutes before the commencement of the general meeting of Orion debenture holders.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant debenture holder as of the later of the date:
 - 8.1 stated in the revocation instrument, if any; or
 - 8.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act, 71 of 2008, as amended (the "**Companies Act**").
9. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by the company to the debenture holder must be delivered by the company to:
 - 9.1 the debenture holder; or
 - 9.2 the proxy or proxies if the debenture holder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
10. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant debenture holder without direction, except to the extent that the Debenture Trust Deed and/or Memorandum of Incorporation of the company or the instrument appointing the proxy provide otherwise.
11. If the company issues an invitation to debenture holders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument appointing a proxy:
 - 11.1 such invitation must be sent to every debenture holder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - 11.2 the company must not require that the proxy appointment be made irrevocable; and
 - 11.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
12. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
13. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the company or waived by the chairman of the general meeting of Orion debenture holders.
14. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
15. A company holding linked units in the company that wishes to attend and participate at the general meeting of Orion debenture holders should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the general meeting of Orion debenture holders.
16. Where there are joint holders of debentures any one of such persons may vote at any meeting in respect of such linked units as if he were solely entitled thereto; but if more than one of such joint holders be present or represented at the meeting, that one of the said persons whose name appears first in the register of debenture holders of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
17. On a show of hands, any person present and entitled to vote, as a debenture holder or as a proxy, shall have only one vote. On a poll, any debenture holder or his proxy shall have one vote for every debenture of which he is the registered holder or representative.
18. The chairman of the general meeting of Orion debenture holders may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the matter in which a debenture holder wishes to vote.
19. A proxy may not delegate his/her authority to act on behalf of the debenture holder, to another person.
20. A debenture holder's instruction to the proxy must be indicated by the insertion of the relevant number of debentures to be voted on behalf of that debenture holder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairperson of the general meeting of Orion debenture holders, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the general meeting of Orion debenture holders or other proxy to vote or to abstain from voting at the general meeting of Orion debenture holders as he/she deems fit, in respect of the debentures concerned. A debenture holder or the proxy is not obliged to use all the votes exercisable by the debenture holder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the debenture holder or the proxy.
21. It is requested that this form of proxy be lodged or posted or faxed to the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Tuesday, 12 May 2015.
22. A quorum for the purposes of considering:
 - 22.1 the debenture holders' ordinary resolution shall consist of debenture holders present in person or represented by proxy and holding in aggregate not less than one-tenth of the debentures then in issue;
 - 22.2 the debenture holders' special resolutions shall consist of debenture holders present in person or represented by proxy and holding in aggregate a minimum of 25% of the debentures then in issue.
23. This form of proxy may be used at any adjournment or postponement of the general meeting of Orion debenture holders, including any postponement due to a lack of quorum, unless withdrawn by the debenture holder.
24. The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/021085/06)

Share code: ORE ISIN: ZAE000075651

("Orion" or "the company")

NOTICE OF GENERAL MEETING OF ORION SHAREHOLDERS

THE ATTENTION OF SHAREHOLDERS IS DRAWN TO APPENDIX A OF THE INDEPENDENT EXPERT'S REPORT, WHICH SETS OUT THE PROVISIONS OF SECTION 115 AND SECTION 164 OF THE COMPANIES ACT, NO. 71 OF 2008 (THE "COMPANIES ACT").

Introduction

All terms defined in the circular to which this notice of the general meeting of Orion shareholders is attached shall bear the same meanings herein.

The resolutions to approve the scheme are required to be approved by the debenture holders and shareholders. In view of the capital structure of Orion, which comprises Orion linked units, all Orion linked unitholders are both Orion shareholders and Orion debenture holders. Both the notice of the general meeting of Orion shareholders ("this notice") and the notice of the general meeting of Orion debenture holders are applicable to each and every Orion linked unitholder.

All the resolutions to approve the scheme which are required to be passed by the debenture holders and shareholders, are conditional upon one another, and will only be of force and effect if all such resolutions are passed. All the special resolutions will take effect on the scheme operative date.

Notice of general meeting of Orion shareholders

Notice is hereby given that a general meeting of the shareholders of the company ("**shareholders**") will be held at the later of 10:30 or 10 minutes after the completion of the general meeting of Orion debenture holders on Thursday, 14 May 2015 at the registered office of the company at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein (the "**general meeting of Orion shareholders**"), for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

The record date on which Orion shareholders must be recorded as such in the securities register maintained by the transfer secretaries of Orion for the purpose of being entitled to attend and vote at the general meeting of Orion shareholders is Friday, 8 May 2015. Accordingly, the last day to trade to be eligible to attend and vote at the general meeting of Orion shareholders is Thursday, 30 April 2015.

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the general meeting of Orion shareholders in respect of the shareholder resolutions is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the general meeting of Orion shareholders in the place of the shareholder; and
- a proxy need not be a shareholder or debenture holder of the company.

Kindly note that, in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Accordingly, all shareholders recorded in the registers of the company on the voting record date will be required to provide identification satisfactory to the chairman of the general meeting of Orion shareholders in order to participate in and vote at the general meeting of Orion shareholders. Forms of identification include valid identity documents, drivers' licences and passports.

In respect of all resolutions to be passed at the general meeting of Orion shareholders, shareholders have the rights under section 164 of the Companies Act, a copy of which is set out in Appendix A to Annexure 1 of the circular.

SPECIAL RESOLUTION NUMBER 1: Delinking of Orion ordinary shares and Orion debentures.

“RESOLVED THAT, in order to facilitate the cancellation of the debentures and the capitalisation of their issue price to Orion’s stated capital attributable to the ordinary shares from an accounting perspective for the purposes of financial reporting in accordance with IFRS, the delinking of Orion ordinary shares and Orion debentures comprising the Orion linked units in issue, be and is hereby approved.”

SPECIAL RESOLUTION NUMBER 2: Cancellation of Orion debentures and the termination of the Orion Debenture Trust Deed.

“RESOLVED THAT, in accordance with the provisions of section 114(1)(c) of the Companies Act, and pursuant to section 25BB of the Income Tax Act, following and subject to the passing of special resolution number 6, and with effect immediately after the MOI amendments are filed with the Companies and Intellectual Property Commission in terms of section 16(9)(b)(i) pursuant to special resolution number 6, the Orion debentures are cancelled without payment to Orion debenture holders and the Orion Debenture Trust Deed is terminated.”

SPECIAL RESOLUTION NUMBER 3: Capitalisation of Orion debentures to form part of Orion’s stated capital

“RESOLVED THAT, subject to the passing of special resolution number 6, and with effect immediately after special resolution number 6 takes effect, the issue price of each Orion debenture as reflected in the books of account of Orion, be capitalised to Orion’s stated capital account attributable to ordinary shares from an accounting perspective for the purposes of financial reporting in accordance with IFRS, as contemplated in section 25BB of the Income Tax Act.”

Reason and effect

The reason for and effect of special resolution numbers 1, 2 and 3 is to approve the delinking of par value shares and the Orion debentures which presently comprise Orion linked units and thereafter the cancellation of the Orion debentures, the capitalisation of an amount equal to the issue price of the Orion debentures to stated capital attributable to the ordinary shares from an accounting perspective and the increase of the contributed tax capital attributable to the ordinary shares by the issue price of each cancelled Orion debenture as contemplated in section 25BB(8) of the Income Tax Act in order to be aligned with the pre-eminent capital structure of international REIT’s, the capital structures of which consist entirely of equity, to simplify the accounting treatment of Orion’s capital structure and to comply with the requirements of the JSE regarding the capital structure of REIT’s. The delinking of the Orion linked units and the cancellation of the Orion debentures will be tax neutral for Orion and Orion shareholders, on the basis that the expenditure incurred by each shareholder of an ordinary share will be equal to an amount of the expenditure incurred in respect of the acquisition of each linked unit. The issue price of each cancelled Orion debenture will be added to the contributed tax capital attributable to the ordinary shares of Orion.

SPECIAL RESOLUTION NUMBER 4: Conversion of the authorised Orion par value shares to Orion no par value shares.

“RESOLVED THAT, in terms of regulation 31(6) of the Companies Act, and subject to the passing and subsequent filing of special resolution numbers 5 and 6 with the Companies and Intellectual Property Commission, the existing authorised ordinary share capital of R20 000 000, divided into 2 000 000 000 ordinary shares of a par value of 1 cent each, be converted into 2 000 000 000 ordinary shares of no par value.”

SPECIAL RESOLUTION NUMBER 5: Conversion of the issued Orion par value shares to Orion no par value shares.

“RESOLVED THAT, in terms of regulation 31(6) of the Companies Act, and subject to the passing and filing of special resolution numbers 4 and 6 with the Companies and Intellectual Property Commission, the existing issued ordinary share capital of R6 306 987, divided into 630 698 688 ordinary shares of a par value of 1 cent each, be converted into 630 398 688 ordinary shares of no par value.”

Reason and effect

The reason for and effect of special resolution numbers 4 and 5, is to convert all the authorised and issued ordinary shares in the company of a par value of 1 cent each into ordinary shares of no par value in accordance with regulation 31(6) and (7) of the Companies Act, in order to align the existing capital structure of the company with the Companies Act.

SPECIAL RESOLUTION NUMBER 6: Amendment of Orion's existing MOI

"RESOLVED THAT, in terms of sections 16(1)(c)(i)(aa) and 16(1)(c)(ii) of the Companies Act, and with effect on the date on which the form CoR 15.2 (Notice of amendment of Memorandum of Incorporation) is filed with the Companies and Intellectual Property Commission, the existing Mol of Orion be amended in the respects set out in Annexure 3 to the circular."

Reason and effect

The reason for and effect of special resolution number 6 is to amend the Mol of the company to give effect to the various special resolutions which are to be passed at the general meeting of Orion shareholders and notably, to make provision for compliance by the company with the provisions of section 25BB of the Income Tax Act and the requirements set by the JSE for the company to qualify as a REIT.

Orion shareholders are advised that the Companies Act affords relief to holders of a class of shares where a company's memorandum of incorporation is amended by altering the preferences, rights, limitations or other terms of such class of shares in any manner material and adverse to the rights or interests of the holders thereof, provided that the holders take appropriate action as prescribed in section 37(8) and section 164 of the Companies Act. In order to enable Orion shareholders to make an assessment of whether they consider their rights or interests to be affected as aforesaid, the existing MOI with the proposed amendments marked up is available for inspection at Orion's registered office during normal business hours at any time prior to the commencement of the general meeting of Orion shareholders.

Voting requirement

Special resolution numbers 1 to 6 require the support of at least 75% of the votes cast by shareholders, present in person or by proxy, to be approved.

ORDINARY RESOLUTION NUMBER 1: General authority

"Resolved that any director of the company and/or the company secretary be and is hereby authorised to do all such things and to sign all such documents as are necessary to give effect to the special resolutions and ordinary resolution proposed and passed at the general meeting of Orion shareholders at which this ordinary resolution is proposed."

Voting requirement

Shareholder ordinary resolution number 1 will require the support of a majority of the shareholders, present in person or by proxy, to be approved.

WAIVER OF CONDITIONS

It is specifically recorded and agreed that any of the conditions to which a resolution may be subject is and will remain capable of waiver by the board of directors of the company without any further shareholder approval being required.

QUORUM

A quorum for the purposes of considering the shareholder resolutions above shall consist of three shareholders of the company personally present (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the general meeting of Orion shareholders. In addition, a quorum shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the general meeting of Orion shareholders.

SHAREHOLDERS

General instructions

Shareholders are encouraged to attend, speak and vote at the general meeting of Orion shareholders.

Electronic participation

The company has made provision for shareholders or their proxies to participate electronically in the general meeting of Orion shareholders by way of telephone conferencing. Should you wish to participate in the general meeting of Orion shareholders by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 10:30 on Tuesday, 12 May 2015, by submitting by email to the company secretary at cdkneale@mweb.co.za or by fax to +27 11 252 6503, for the attention of Clive Kneale, relevant contact details, including an email address, cellular number and landline as well as full details of the shareholder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated linked units) and (in the case of dematerialised linked units) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised linked units. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the general meeting of Orion shareholders. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility.

Shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the general meeting of Orion shareholders through this medium.

Proxies and authority for representatives to act

A form of proxy is attached for the convenience of any shareholder holding certificated units, who cannot attend the general meeting of Orion shareholders but wishes to be represented thereat.

The attached form of proxy is only to be completed by those shareholders who are:

- holding units in certificated form; or
- recorded on the company's sub-register in dematerialised electronic form with "own name" registration.

All other beneficial owners who have dematerialised their units through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the general meeting of Orion shareholders, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy.

Forms of proxy must be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:30 on Tuesday, 12 May 2015. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the general meeting of Orion shareholders should the shareholder decide to do so.

A company that is a shareholder, wishing to attend and participate at the general meeting of Orion shareholders should ensure that a resolution authorising a representative to so attend and participate at the general meeting of Orion shareholders on its behalf is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the general meeting of Orion shareholders.

The company does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised unitholder to notify such shareholder of the general meeting of Orion shareholders or any business to be conducted thereat.

DEBENTURE HOLDERS

General instructions

Debenture holders are encouraged to attend and speak at the general meeting of Orion shareholders.

Electronic participation

The company has made provision for its debenture holders or their proxies to participate electronically in the general meeting of Orion shareholders by way of telephone conferencing. Should you wish to participate in the general meeting of Orion shareholders by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 10:30 on Tuesday, 12 May 2015, by submitting by email to the company secretary at cdkneale@mweb.co.za or by fax to +27 11 252 6503, for the attention of Clive Kneale, relevant contact details, including an email address, cellular number and landline as well as full details of the debenture holder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and debenture certificates (in the case of certificated debentures) and (in the case of dematerialised debentures) written confirmation from the debenture holder's CSDP confirming the debenture holder's title to the dematerialised debentures. Upon receipt of the required information, the debenture holder concerned will be provided with a secure code and instructions to access the electronic communication during the general meeting of Orion shareholders. Debenture holders must note that access to the electronic communication will be at the expense of the debenture holder who wishes to utilise the facility.

Proxies and authority for representatives to act

Due to the company's linked unit structure, its shareholders are also its debenture holders and the matters to be voted on at the general meeting of Orion shareholders are matters on which shareholders and not debenture holders are entitled to vote.

Debenture holders wishing to appoint a proxy or two or more proxies to attend and participate (but not vote) in the general meeting of Orion shareholders may contact the company secretary at cdkneale@mweb.co.za, to obtain such form of proxy.

The company does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised debenture holder to notify such debenture holder of the general meeting of Orion shareholders or any business to be conducted thereat.

GENERAL NOTES

1. A member entitled to attend and vote at the general meeting of Orion shareholders may appoint a proxy to attend, speak and vote in his or her stead. A proxy need not be a member of the company.
2. All forms of proxy or other instruments of authority must be deposited with the transfer secretaries, so as to be received no later than 10:00 on Tuesday, 12 May 2015. Shareholders who are companies or other bodies corporate may, by resolution of its directors or other governing body, authorise any person to act as its representative at the general meeting of Orion shareholders.
3. Shareholders who have not dematerialised their linked units and own-name dematerialised unitholders who are unable to attend the general meeting of Orion shareholders and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and return it to the transfer secretaries, so as to be received no later than 10:00 on Tuesday, 12 May 2015.
4. Shareholders who have dematerialised their linked units with a CSDP or broker, other than with own-name registration, should advise their CSDP or broker with their voting instruction in terms of the agreement entered into between them and their CSDP or broker. Linked unitholders who have dematerialised their linked units and wish to attend the general meeting of Orion shareholders must contact their CSDP or broker who will furnish them with the necessary authority to attend the general meeting of Orion shareholders.
5. Shareholders who have dematerialised their linked units, other than with own-name registration, must not return the form of proxy to the transfer secretaries. Their instructions must be sent to their CSDP or broker for action.

6. On a show of hands, every member present in person or every proxy representing a shareholder, shall have only one vote, irrespective of the number of linked units he or she holds.
7. On a poll, every shareholder present in person or represented by proxy shall have one vote for every share held by such shareholder.

By order of the board

Orion Real Estate Limited

13 April 2015

Registered office

16th Floor

Orion House

49 Jorissen Street

Braamfontein



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/021085/06)

Share code: ORE ISIN: ZAE000075651

("Orion" or "the company")

FORM OF PROXY – GENERAL MEETING OF ORION SHAREHOLDERS

THIS FORM OF PROXY IS ONLY FOR USE BY:

- registered shareholders who have not yet dematerialised their shares;
- registered shareholders who have already dematerialised their share and which shares are registered in their own names in the company's sub-register.

For completion by the aforesaid registered shareholders who are unable to attend the general meeting of shareholders of the company to be held at the office of the company at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein at the later of 10:30 or 10 minutes after the completion of the general meeting of Orion debenture holders on Thursday, 14 May 2015 ("**the general meeting of Orion shareholders**")

A separate form of proxy has been included for use by debenture holders who are unable to attend the general meeting of Orion debenture holders to be held at the office of the company at 16th Floor, Orion House, 49 Jorissen Street, Braamfontein at 10:00 on Thursday, 14 May 2015.

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed Central Securities Depository Participant ("**CSDP**") or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (Address)

Telephone number

Cellphone number

being the holder(s) of Orion debentures hereby appoint:

1. or failing him,

2. or failing him,

3. the chairman of the general meeting of Orion shareholders

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the general meeting of Orion shareholders and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the general meeting of Orion shareholders, and to vote on the resolutions in respect of the shares registered in my/our name(s):

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

	Number of votes		
	*In favour of	*Against	*Abstain
Shareholder special resolution number 1: Delinking of linked units			
Shareholder special resolution number 2: Cancellation of Orion debentures and termination of the Orion Debenture Trust Deed			
Shareholder special resolution number 3: Capitalisation of Orion debentures to stated capital account			
Shareholder special resolution number 4: Conversion of authorised par value shares to no par value shares			
Shareholder special resolution number 5: Conversion of issued par value shares to no par value shares			
Shareholder special resolution number 6: Amendment of MoI			
Shareholder ordinary resolution number 1: General authority			

One vote per share held by shareholders recorded in the register on the voting record date.

Unless otherwise instructed my proxy may vote or abstain from voting as he/she thinks fit.

Signed this _____ day of _____ 2015

Signature

(State capacity and full name)

Assisted by me (where applicable)

A shareholder entitled to attend and vote at the general meeting of Orion shareholders is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Each is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the general meeting of Orion shareholders.

Forms of proxy must be deposited at Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:30 on Tuesday, 12 May 2015.

Please read notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY:

1. Only shareholders who are registered in the register of the company under their own name on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, being Friday, 8 May 2015 (the "**voting record date**"), may complete a form of proxy or attend the general meeting of Orion shareholders. This includes shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration. The person whose name stands first on the form of proxy and who is present at the general meeting of Orion shareholders will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not be a linked unit holder of the company.
2. Certificated shareholders wishing to attend the general meeting of Orion shareholders have to ensure beforehand with the transfer secretaries of the company (being Computershare Investor Services Proprietary Limited) that their securities are registered in their own name.
3. Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the general meeting of Orion shareholders.
4. Dematerialised shareholders who have not elected "own name" registration in the register of the company through a Central Securities Depository Participant ("**CSDP**") and who wish to attend the general meeting of Orion shareholders, must instruct the CSDP or broker to provide them with the necessary authority to attend.
5. Dematerialised shareholders who have not elected "own name" registration in the register of the company through a CSDP and who are unable to attend, but wish to vote at the general meeting of Orion shareholders, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.
6. A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder's choice in the space, with or without deleting "the chairman of the general meeting of Orion shareholders". The person whose name stands first on the form of proxy and who is present at the general meeting of Orion shareholders will be entitled to act as proxy to the exclusion of those whose names follow.
7. The completion and lodging of this form will not preclude the relevant shareholder from attending the general meeting of Orion shareholders and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
 - 8.1 stated in the revocation instrument, if any; or
 - 8.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act, 71 of 2008, as amended (the "**Companies Act**").
9. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:
 - 9.1 the shareholder; or
 - 9.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
10. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation of the company or the instrument appointing the proxy provide otherwise.
11. If the company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument appointing a proxy:
 - 11.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - 11.2 the company must not require that the proxy appointment be made irrevocable; and
 - 11.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
12. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
13. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the company or waived by the chairman of the general meeting of Orion shareholders.
14. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
15. A company holding shares in the company that wishes to attend and participate at the general meeting of Orion shareholders should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the general meeting of Orion shareholders.
16. Where there are joint holders of shares any one of such persons may vote at any meeting in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present or represented at the meeting, that one of the said persons whose name appears first in the register of shareholders of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
17. On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll a shareholder who is present in person or represented by a proxy shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares of the relevant class issued by the company.
18. The chairman of the general meeting of Orion shareholders may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the matter in which a shareholder wishes to vote.
19. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
20. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares, as the case may be, to be voted on behalf of that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairperson of the general meeting of Orion shareholders, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the general meeting of Orion shareholders or other proxy to vote or to abstain from voting at the general meeting of Orion shareholders as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
21. It is requested that this form of proxy be lodged or posted or faxed to the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:30 on Tuesday, 12 May 2015.
22. A quorum for the purposes of considering the shareholder ordinary and special resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the general meeting of Orion shareholders. In addition, a quorum shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholders is a body corporate, it must be represented) and entitled to vote at the general meeting of Orion shareholders.
23. This form of proxy may be used at any adjournment or postponement of the general meeting of Orion shareholders, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
24. The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 1997/021085/06)
 Share code: ORE ISIN: ZAE000075651
 ("Orion" or "the company")

FORM OF SURRENDER (FOR CERTIFICATED LINKED UNITHOLDERS ONLY)

Instructions:

1. This form of surrender is for use by certificated linked unitholders who will be receiving replacement share certificates pursuant to the implementation of the scheme and, when completed, should be sent to the transfer secretaries.
2. Replacement share certificates will not be sent to certificated linked unitholders unless and until a form of surrender and the documents of title in respect of the relevant linked units have been surrendered to the transfer secretaries.
3. **Part A** must be completed by all linked unitholders who have not yet dematerialised their linked unit certificates or other documents of title.
4. Dematerialised linked unitholders must not complete a form of surrender as the appropriate action will be taken by their CSDP or broker.
5. If this form of surrender is received by the transfer secretaries with the relevant documents of title prior to the scheme becoming effective, it will be treated as a conditional surrender which is made subject to such scheme becoming effective. Such surrendered documents of title will be held in trust by the transfer secretaries until the scheme becomes effective. In the event of the scheme not becoming effective, for any reason whatsoever, the transfer secretaries will within five business days after either the date upon which it becomes known that the scheme will not be able to be implemented, or, after subsequent receipt of surrendered documents of title (whichever is the later), return the relevant documents of title to the shareholders concerned, at their risk, by registered post.
6. **Part B** must be completed by all emigrants from and non-residents of the common monetary area who are recorded in the linked unitholder register of the company and who have not yet dematerialised their documents of title.
7. A separate form of surrender is required for each unitholder.

Please refer to the instructions above and the notes overleaf before completing this form of surrender

To: Orion Real Estate Limited
Care of: Computershare Investor Services Proprietary Limited
 Ground Floor or PO Box 61763
 70 Marshall Street Marshalltown
 Johannesburg 2001 2107

Dear Sirs

I/We, the undersigned, being the registered holder of the number of linked units specified below, which are free of encumbrances, hereby surrender the enclosed documents of title identified below in respect of the shares held by me/us in the company conditional upon the special resolutions in respect of the transaction being passed (and the subsequent registration of the relevant special resolutions with CIPC) at the general meeting of Orion debenture holders and the general meeting of Orion shareholders to be held on Thursday, 14 May 2015.

I/We hereby instruct you to post a replacement certificate in respect of the linked units surrendered to me, by registered post, at my/our risk, to the address given below, on the terms set out in the document dispatched to unitholders to which this form of surrender was attached. I/We acknowledge that if no address is stated below, the replacement certificate will be sent to my/our address recorded on the relevant sub-register.

My/Our signature(s) on this form of surrender constitutes my/our execution of this instruction.

Signature of unitholder _____ Date _____ 2015

Surname/Name of corporate body	Stamp and address of agent lodging this form (if any)	
First names (in full) (if applicable)		
Title (Dr, Prof, Mr, Mrs, Miss, Ms, etc.)		
Telephone number		
Cellphone number		
Email address		
Assisted by me (if applicable)		
Date		2015
State full name and capacity		

Postal address (preferably PO Box address) to which replacement certificates should be sent, if other than the address contained in the register of linked unitholders:

Postal code:

In order to comply with the requirements of the Financial Intelligence Centre Act, 38 of 2001, the transfer secretaries will not be able to record any change of address request unless the request is accompanied by the following documentation:

- an originally certified copy of your identity document;
- an originally certified copy of a document issued by the South African Revenue Service verifying your income tax number. If you do not have an income tax number, a letter to this effect, certified by a commissioner of oaths must accompany your request; and
- an original or originally certified copy of a service account verifying your residential address.

PART A – Applicable to all certificated linked unitholders. Linked unit certificate/s and/or documents of title surrendered:

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of linked units covered by each certificate	For office use only
Total			

PART B – Applicable to all emigrants from and non-residents of the Common Monetary Area who are recorded in the linked unitholder register of the company.**Nominated authorised dealer in the case of a certificated linked unitholder who is an emigrant from or non-resident of the Common Monetary Area**

(who wish their replacement share certificates to be sent to an authorised dealer in South Africa):

Name of authorised dealer/bank	
Address	
Account number	

NOTES

Completion of this form of surrender ("form")

1. If you have any doubt as to how to complete this form, please consult your accountant, attorney, banker, broker or other professional adviser.
2. This form must be completed, signed and sent, together with the relevant linked unit certificate/s and/or other document/s of title, to the offices or to the postal address of the transfer secretaries.
3. Any alteration to or correction on this form must be signed in full and not only initialled.

Return address:

Once completed, this form, together with documents of title surrendered, must be delivered or mailed to the transfer secretaries at the following addresses, respectively, in an envelope marked "Orion Properties Limited – Certificates of title":

By hand:

Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg
2001

or By mail:

Computershare Investor Services Proprietary Limited
PO Box 61763
Marshalltown
2107

Posting of replacement certificates

If this form is returned with the relevant documents of title to linked units, it will be treated as a conditional surrender which is made subject to the scheme becoming operative and the implementation of the scheme. In the event of the scheme not becoming operative for any reason whatsoever, the transfer secretaries will, by not later than five business days after the date upon which it becomes known that the scheme will not be operative, return the documents of title to the linked unitholders concerned, by registered post, at the risk of linked unitholders.

Certificates reflecting the scheme will be sent to the address provided overleaf (or failing such instruction, to the address of the linked unitholder concerned as recorded in the relevant sub-register of the company) by registered post at the risk of the linked unitholder concerned on or about Monday, 29 June 2015, if the documents of title have been surrendered before 12:00 on Friday, 26 June 2015. Contrary instructions will not be accepted. Any documents received after this date will be replaced within five business days from the date on which the documents have been received by the transfer secretaries.

Instructions

1. Persons who have acquired linked units in the company after the date of posting of the document to which this form is attached, can obtain copies of the form and the said document from the transfer secretaries.
2. All certificated unitholders completing and returning the form must also surrender all their existing linked unit certificates.
3. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts.
4. Signatories may be called upon for evidence of their authority or capacity to sign this form.
5. If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form for noting, unless it has already been noted by the transfer secretaries or it has been lodged with a broker and this form bears the stamp of that broker.
6. Where the member is a company or a close corporation, unless it has already been registered with the transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form must be submitted if so requested by the transfer secretaries.
7. Where there are joint holders of any linked units, only that holder whose name appears first in the register in respect of such linked units need sign the form.
8. If the unitholder is a deceased estate, this form must be accompanied by a certified copy of the Letter of Executorship, unless the relevant documents have already been lodged with the transfer secretaries or with a broker and this form bears the stamp of that broker.
9. A minor must be assisted by his/her parent or guardian.

Lost share certificates and/or documents of title

If a linked unit certificate or other document of title relating to any linked unit in the company has been lost or destroyed, the relevant replacement certificate will only be issued upon production of satisfactory evidence that the relevant linked unit certificate or document of title has been lost or destroyed and upon delivery of an indemnity, in a form and on terms and conditions approved by the company. Indemnity forms may be requested from the transfer secretaries.

Dematerialised unitholders

This form is not intended for dematerialised linked unitholders and such linked unitholders must not complete this form. Where dematerialised linked unitholders wish to provide a new address to which share statements are to be posted, such linked unitholders should contact their CSDP or broker.

South African Exchange Control Regulations

In the instance of certificated linked unitholders whose registered addresses in the company's share register are outside of the common monetary area, or where the relevant certificates are restrictively endorsed in terms of the South African Exchange Control Regulations, the following will apply:

- for non-residents who are emigrants from the common monetary area, the replacement share certificate reflecting the capital restructure will be sent to the linked unitholders' authorised dealer in foreign exchange in South Africa controlling their blocked assets; and
- for all other non-residents, the replacement share certificate reflecting the capital restructure will be restrictively endorsed "non-resident" in terms of the South African Exchange Control Regulations.