

***SA Corporate Real Estate Fund
Managers Proprietary Limited***

Remuneration Policy

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1. Definition of Terms

For the purpose of this document, the table below provides a list of terms and the respective definitions applied.

Term	Definition
Company	SA Corporate Real Estate Fund Managers Proprietary Limited.
Consumer Price Index (CPI)	An index which measures changes in the price level of consumer goods and services purchased by households (The inflation rate).
Employee	A person employed by the Company in terms of a contract of employment.
External equity	The perceived fairness in pay relative to what other employers are paying for the same type of job in the external market.
Fixed remuneration	The nondiscretionary remuneration that does not regularly vary according to performance or results achieved.
FSP	Forfeitable Share Plan, previously known as the Forfeitable Unit Plan (FUP)
Fund	SA Corporate Real Estate Fund converted to a Corporate REIT, SA Corporate Real Estate Limited, on 1 July 2015.
Group	SA Corporate Real Estate Limited and its subsidiaries including the Company.
Internal equity	The perceived equity (or fairness/impartiality) of a remuneration system within a company.
Job evaluation	A systematic process of assessing the job content and ranking jobs according to a consistent set of job characteristics to create a job worth hierarchy. The job worth hierarchy determines and illustrates where each job fits in the Company relative to the other jobs in the Company.
LTI	Long-term incentive.
Lower Quartile (25 th percentile)	The lower quartile of remuneration: 75% of the sample receives a higher value of remuneration and 25% receive a lower value.
LRA	Labour Relations Act 66 of 1995.
Median (50 th percentile)	The middle value of remuneration: 50% of the sample receives a higher value of remuneration and 50% receive a lower value.
Paterson grading system	A grading system comprised of grades A through F; with A being the lowest level within an organisation and F being the highest level within an organisation. Paterson's grading system defines levels of job worth in the form of grades which indicate the nature of decision-making and complexity associated with the role. An upper grade reflects a job requiring, programming and policy decisions, (more accountability), mid-level grades require coordination or supervision (routine or interpretive decisions), and a lower grades reflect automatic and defined decisions.
REIT	Real Estate Investment Trust.
Remuneration mix	The relationship between the fixed and the variable remuneration.
Rules of the Plan	Forfeitable Share Plan Rules as amended from time to time.

Term	Definition
SACREL	SA Corporate Real Estate Limited, a public company listed on the JSE as a REIT.
STI	Short-term incentive.
The Committee	Constituted Remuneration Committee (Remco) of the Board of Directors of SACREL.
Total Guaranteed Package (TGP)	The total guaranteed cost to a company of employing an Employee. Total Guaranteed Package (TGP) typically refers to a remuneration structure in which all benefits, both compulsory and additional benefits are convertible to cash. Employees may structure their total package in terms of a number of benefits. In such a structure there are, typically, prescribed minimum core benefits for medical and retirement.
Total Cash Remuneration (TCR)	Includes all components of the Total Guaranteed Package (TGP) and short-term incentive bonuses. It excludes any benefit that forms part of the long-term incentive.
Total Cost to Company (TCTC)	The total guaranteed cost to a company of employing an Employee (TGP).
Upper Quartile (75 th percentile)	The upper quartile value of remuneration: 25% of the sample receives a higher value of remuneration and 75% receive a lower value.
Variable remuneration	Remuneration that is dependent on discretion, performance or some pre-determined and agreed results achieved.

2. Remuneration policy objectives and philosophy

To support the achievement of the Group's strategic intent and objectives through attracting, developing and retaining talented people by ultimately aligning remuneration and incentives with the overall business strategy.

The reward philosophy consists of a set of beliefs which underpin the remuneration strategy of the Company; it governs reward policies and provides the foundation for the guiding principles which determine how reward processes operate. The Company is committed to transparent and understandable policies which emphasise superior individual and team performance, and drive growth in distributions and share price which is sustainable over the long term and aligned with the business strategy.

The Company's philosophy is to employ, effectively incentivise and seek to retain through appropriate remuneration structures the highest standard of Employees who form the foundation of the Group's business success. Further, remuneration structures should be designed to promote a fast-moving and entrepreneurial culture, which enables and encourages the superior business performance which the remuneration structures are designed to reward.

Accordingly, the Company will aim to position guaranteed remuneration initially towards the median of the market and ultimately at the median, with superior/stretch performance by Employees enabling remuneration to exceed median levels.

The Company believes that when executives are invested in SACREL, a firm commitment to the success of the Group is displayed, and the executives' interests are more strategically aligned with those of the shareholders. To display its commitment to this belief, a voluntary minimum shareholding condition is implemented by the Company, at levels which are appropriate for each executive.

3. Scope and application

This remuneration policy ("the Policy") sets the broad group remuneration philosophy and standards for all permanent employees of the Company.

4. The remuneration committee and its role

The Committee assists the Board in setting the Company's remuneration policy and the directors' remuneration. According to its terms of reference, the Committee's mandate is to:

- Oversee the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance and support the Company's and Group's long-term interests;
- Review the outcomes of the implementation of the remuneration policy and whether the set objectives are being achieved;

- Monitor the overall cost of remuneration structures within the Group, including approving the cost of annual general salary increases, benefits, short-term incentive payments made and the value of long-term incentive awards granted;
- Ensure that the mix of fixed and variable pay, in cash, shares and other elements, meets the Company's and Group's needs and strategic objectives;
- Consider the evaluation of the performance of the executive directors, both as directors and executives in determining remuneration;
- Oversee advice on the remuneration of non-executive directors;
- Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and appropriate to the market;
- Consider the need to adopt a specific remuneration policy to retain key employees where appropriate;
- Review (at least annually) the terms and conditions of executive directors' employment agreements;
- Select an appropriate comparative group when comparing remuneration levels;
- Regularly review incentive and retention schemes to ensure continued contribution to unitholder value and that these are administered in terms of the rules;
- Consider the appropriateness of early vesting of share-based schemes at the end of employment;
- Oversee the preparation of the remuneration report and recommend to the board that it be included in the integrated report, as: -
 - accurate, complete and transparent;
 - providing a clear explanation of how the remuneration policy has been implemented; and
 - providing sufficient forward-looking information for the shareholders to pass a special resolution in terms of section 66(9) of the Companies Act, 2008;
- Ensure that the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders once every year;
- Ensure that the chairman of the Committee or in his/her absence, an appointed deputy, attends the annual general meeting or similar forums to answer questions about the remuneration strategy and policy;

5. Key principles of remuneration

The principles of remuneration underpin each component of the Company's remuneration policy, and represent the Company's remuneration approach, providing guidance for the basis upon which Employees are rewarded.

- Remuneration policies should align closely and transparently with the agreed Group strategy and be reviewed regularly in light of changes in the business strategy;
- Remuneration policies should be considered in light of their affordability to the Group, with particular consideration paid to the aggregate impact of Employees' remuneration on the finances of the Group, its capital and investment needs, and distributions to shareholders;
- Remuneration policies should promote risk management and not encourage behaviour which is contrary to the Group's risk management strategy and does not drive excessively risk behaviour;
- Remuneration policies should be transparent and easy to understand and apply;
- Remuneration policies should be equitable, striking a balance between internal equity (all Employees being fairly rewarded for their roles in the organisation), and external equity (all Employees being fairly rewarded in terms of the market).
- Guaranteed remuneration should be aligned to the job requirements, grading level and competence of each individual Employee;
- Remuneration should be strongly linked to performance which results in sustainable long-term benefits to the Group, and should be delivered in the form of a balanced pay-mix, which comprises the following components:
 - basic cash;
 - benefits;
 - variable remuneration (STI and LTI); and
 - operational or circumstantial allowances.

6. Fixed remuneration and benefits

6.1 Fixed pay

The Company follows a Total Cost to Company (TCTC) approach to structure remuneration for all Employees. The total value of the guaranteed remuneration and benefits package is expressed as the total benefit to the individual as well as a cost to the organisation. All elements of the guaranteed remuneration and benefits package are added up, and the total constitutes the total guaranteed package.

As part of the Total Cost to Company structure, Employees are able to structure their own benefits according to their individual needs which allows for certain flexibility of choice.

Guaranteed remuneration reflects the Employee's role and job worth within the Company and Group and is payable for doing the expected day-to-day job requirements, and forms the basis of the Company's ability to attract and retain the required skills.

Guaranteed pay will be structured to include the following:

- Basic cash;
- Retirement contribution;
- Medical Aid contribution;
- Life cover and disability benefits;
- Travel allowance where applicable; and
- Cell phone benefits where applicable

6.2 Determination of fixed remuneration

The design of the Company's pay scales is guided by a number of key best practice principles. The pay scale seeks to obtain the balance between affordability and competitiveness. In order to find a balance between the need to employ staff at cost effective rates and the need to compete for scarce skills and top performers, the **median** is regarded as the most appropriate market reference point for the Company. This is the anchor around which the pay scales are built. The scales are also wide enough to allow for differentiation based on performance.

The following features are incorporated in the design of the Company's scales:

- The pay structure supports the remuneration philosophy;
- The principles of internal and external equity are upheld;
- The pay scales are flexible enough to respond to internal and external pressures;
- It ensures consistent decision-making and application of the remuneration philosophy;
- Implementation is not disruptive or unnecessarily costly;
- It has appropriate stakeholder buy-in;
- It is legally defensible;
- It is affordable yet competitive.

6.3 Remuneration process

6.3.1 Annual reviews

The purpose of the annual review process, with increases with effect from 1 July, is to compare each Employee's pay to the policy pay ranges adopted for the following year and make necessary adjustments in line with the pay policy.

6.3.2 Annual increases

In order to determine an appropriate and market related mandate for annual reviews, the Company takes a number of factors into consideration. These factors include CPI, affordability, the financial position of the Group, market movements and the Employee populations' market position. A recommendation based on the above factors is sent to the Committee for the approval of the mandate.

The increases will be conducted in accordance with the following guidelines:

- The cost of living adjustments: takes into account the current CPI and other factors such as external environment and market pressures
- Market adjustment and/or parity increases which seek to address internal inequities which exist within the organisation by awarding an additional amount to Employees who are performing at a level of at least competent performance and are paid below the minimum of the pay scale:
 - Such an adjustment should take into account the degree to which the market related pay levels have moved since the last date of previous review and other external considerations, whilst incorporating affordability and business strategy of the Group.
- An annual benchmarking exercise shall be performed to ascertain market movements which will inform the appropriateness of the annual cost of living and market adjustments.

In all the above processes the outcome of individual Employees' annual review will also be taken into account.

The cost of living adjustment and adjustments based on market and pay scale position will be expressed as a single percentage increase to individual remuneration.

6.3.3 Managing internal equity anomalies

Due to historical remuneration decisions, some anomalies may exist in terms of pay for Employees against the current pay scales.

- Below the median
 - Where individual Employee salaries are below the median by more than 20%, The Company will endeavour to bring the individual Employee salary to at least 80% of the midpoint of the

pay scale (median) of the market. Affordability and available funds will determine how soon it can be corrected. This could be addressed over a period of time (two to three years).

- People on performance improvement programmes will only be brought in line once their performance is at an acceptable level.
- Above the median
 - Where individual Employee salaries are above the median by more than 20%, all cases will be investigated to determine the reasons before corrective actions are taken.
 - Corrective action will be taken in consultation with the individuals concerned. The possibility to enrich an individual's position with more complex functions to increase the relative worth of the position will be considered where possible.
 - Under certain circumstances it could be decided to maintain the present situation. If such a decision is taken the reasons must at all times be defensible.
 - Where necessary the annual salary increases of the individual Employee will be below the average level of the cost of living adjustment.
- The following example of a "Performance – Position" salary increase grid will be utilised during annual salary reviews when making remuneration increase decisions.

SAMPLE INCREASE GRID				
PERFORMANCE RATING	POSITION IN THE PAY SCALE			
	BETWEEN MIN AND LOWER GUIDE	BETWEEN LOWER GUIDE AND MIDPOINT	BETWEEN MIDPOINT AND UPPER GUIDE	BETWEEN UPPER GUIDE AND MAXIMUM
5 – Outstanding	10%	9%	8%	7%
4 – Very Good	8%	7%	6%	5%
3 – Meets requirements	6%	5%	4%	3%
2 – Needs Improvement	0%	0%	0%	0%
1- Unsatisfactory	0%	0%	0%	0%

6.3.4 New Appointments

The remuneration of new appointments should be positioned appropriately according to their job grade (linked to their position) and the applicable pay range for that grade. The placing of the Employee within the pay range should be based on principles of internal equity, with any initial anomalies managed by future adjustments. Care should be taken to avoid creating an anomaly (either paying above or below the pay range) that will be difficult to manage into the future, and/or create unmanageable inequity relative to peers. Flexibility may be applied to attain certain employment equity targets.

6.4 Benefits

The benefits listed below are those currently offered by Company.

6.4.1 Medical and retirement benefits

Individuals are permitted to structure these benefits and to manage them in a way that they feel is appropriate in relation to their own personal situation.

Medical Aid

Membership of a medical aid is compulsory, but Employees may select the medical aid plan. Currently, Employees must be a member of the Discovery Health Medical Scheme. If an Employee belongs to a spouse's medical aid proof of membership must be provided. Medical aid subscriptions form part of the inclusive total cost to company package. Members have the option of topping up their medical aid cover by taking out Gap Cover for in-hospital treatment which is underwritten by Sirago Underwriting Managers at their own cost.

No post-retirement medical aid benefit is offered.

Pension Fund

The Company provides a compulsory Defined Contribution Pension Fund Scheme, the Alexander Forbes Retirement Fund, for eligible Employees. The Fund is an Umbrella Fund and whilst a default option is provided, Employees can choose from a number of investment options. An eligible Employee becomes a member of the Pension Fund, in terms of the rules of the Pension Fund, upon appointment.

Members may elect a portion of their TGP, in the range of 70% to 90% to be their pensionable earnings. Members are provided with a choice of contribution at rates of 6.5% or 7.5% of their elected pensionable earnings. The Company's contribution to risk and retirement funding is 13% of pensionable earnings for Employees who joined prior to June 2014 and 12% for Employees who joined thereafter.

6.4.2. Other benefits offered

The following additional benefits are offered to Employees:

Cell phone benefit

The Company provides a company owned contract to certain Employees depending on the role of employee as per the applicable policy. The Company pays the business portion of the cell phone, with the balance being paid by the Employee to the service provider.

Life cover

As Retirement Fund members, Employees enjoy a Life Assurance Benefit which is an amount of life cover that is allocated by the Management Board of the Retirement Fund to Employee nominated dependants/beneficiaries in the event of death in service. The employee's Life Assurance Benefit is expressed as a multiple of an Employee's annual pensionable earnings and is determined by an Employee's age on 1 January

each year. The scale of multiples for Employees who have satisfied medical testing is reviewed annually using normal insurance principles ranges from 12.3 times of annual pensionable earnings for ages up to 33 years to 2.4 times for ages 58 and older. These multiples may change from time to time in line with the claims experience of the Pension Fund. More details can be found in the applicable policy.

Disability benefit

As Retirement Fund members, Employees are covered and will receive a disability income benefit due to severe illness and/or disability until they are fit to return to work or retire, which benefit is currently 80% of TGP.

Leave

Annual -, Sick -, Family Responsibility -, Maternity - and Study leave will be provided as per the applicable policy. Employees may buy or sell annual leave up to a maximum of 5 days per annum, and can make a selection to do so once per annum.

7. Variable Remuneration

The Company endeavours to ensure that there is a strong link between strategic objectives and remuneration policies and practices.

To achieve this outcome, the Company has two schemes to reward performance in the short- and long-term.

The main purpose of the short-term incentive plan (“the STI”) is to create a performance culture and to reward Employees for achieving strong annual results against pre-determined targets.

The main purpose of the long-term incentive plan (“the FSP”) is to attract, retain and reward participants through the annual award of shares. It will provide selected Employees with the opportunity to share in the success of the Group and to be incentivised to deliver the business strategy for the Group over the long-term. This will provide alignment between key Employees and shareholders. The FSP works in conjunction with the voluntary minimum shareholding conditions.

7.1 Short-term incentive

7.1.1 Purpose and principles of the short-term incentive

The short-term incentive plan is based on the following principles:

- All Employees are eligible for a short-term incentive bonus based on the principles of the STI and the threshold(s) for the eligibility will be as determined by the Committee or the Board of SACREL from time to time.;
- Cash STI = TGP x On-target% x Business Multiplier x Personal Multiplier;
- Different on-target STI award levels as percentages of TGP are proposed at various levels.
- The Business Multiplier is based on a performance scorecard for the business overall;

- The Personal Multiplier is based on an individual performance scorecard;
- The business scorecard will be based primarily on financial outputs (75%) – shareholder total returns relative to peer group, distribution growth, net portfolio income growth, accretion from acquisitions, developments and recycling of capital and capital structure, vacancies, arrears, and non-financial measures (25%) such as strategy implementation, risk and governance, transformation and green strategy;
- The personal performance scorecard will be based on the Employee’s responsibility areas, with measures, weights and target levels agreed annually in advance;
- The STI will be capped at 200% of the On-target value

7.2 Long-term Incentive: Forfeitable Share Plan (FSP)

7.2.1 Purpose and types of instruments

Under the FSP Participating Employees (“Participants”) will receive an award of shares (“Forfeitable Shares”) that are subject to forfeiture and disposal restrictions until the vesting date. The rationale behind the introduction of the FSP is to align participants closely with shareholders, through the award of three types of instruments with the following intentions:

- **Performance Shares**, the vesting of which are subject to pre-determined performance metrics (“Performance Conditions”) and continued employment (“Employment Condition”), and which are intended to be used primarily as an incentive to Participants to deliver the Group’s business strategy over the long-term through the selection of appropriate and stretching Performance Conditions;
- **Retention Shares**, the vesting of which are subject to the fulfilment of the Employment Condition by the Participant, and which are aimed at retention in specific, ad-hoc circumstances where it is in the Company’s, Group’s and shareholders’ strategic and financial interests that a specific individual is retained; and/or
- **Matched Shares**, the vesting of which are subject to the Participant satisfying the holding of a minimum number of shares, whether acquired from Participants’ own resources, or from a bonus deferral, from Vested Forfeitable Shares under the FSP, or any other method (“Minimum Shareholding Condition”) for the duration of the Employment Period, and which are aimed at encouraging senior executives to build up a shareholding in SACREL, and to align the real risk of senior executives to that of the shareholders.

The Minimum Share Holding Condition is 50% of the Participant’s TGP and the Company will match holdings from 50% to 1.5 times TGP, by one FSP for every three underlying shares held and holdings from 1.5 times to 3 times, by one FSP for every two underlying shares held.

The Matched Shares vest in equal proportions over three to five years after the grant date. The underlying shares will be subject to a commensurate holding period of three to five years during which time disposal of the underlying shares will result in a forfeiture of the corresponding Matched Shares, calculated on a pro rata basis.

The FSP aims to encourage Participants' shareholding, by providing for the delivery of real shares, meaning that Participants will be shareholders in SACREL. The FSP aligns with King III/IV recommendations and the Group's strategy as it is less leveraged than option type plans, and as such mitigates the risk of unjustified windfalls.

Regular, annual awards of Performance Shares will be made in terms of the FSP on a consistent basis to ensure long-term shareholder value creation. Retention Shares will be made on an ad hoc basis and Matched Shares subject to the Minimum Shareholding Condition, both as determined necessary by the Committee.

7.2.2 Participants

Eligible Employees will include executive directors and senior management. The Committee may, in its discretion, call upon the Managing Director to make recommendations as to which of their Employees he/she wishes to incentivise, retain the services of or attract the services of, by the making of an award of Forfeitable Shares.

7.2.3 Rights of participants and distributions

Under the FSP, Participants will become owners of the Forfeitable Shares from the settlement date, shortly after the award date and will immediately benefit from distributions (subject to certain restrictions set out below), and have shareholder voting rights in respect of the Forfeitable Shares over the vesting period. The Forfeitable Shares cannot be disposed of by the Participant prior to the vesting date and will be subject to forfeiture restrictions until the vesting date.

A portion of each distribution relating to unvested Performance Shares ("Pledged Distributions") will be required to be pledged to the Company or SACREL and held by an escrow agent for the benefit of the Participant, and will be forfeitable to the extent that the underlying Forfeitable Share does not vest. The portion which is required to be pledged to the Company or SACREL will be equivalent to 40% (forty percent) of the post-tax value of each declared distribution amount relating to unvested Forfeitable Shares. Retention Shares and Matched Shares are not subject to Performance Conditions and as such Participants will receive 100% of the distributions in respect of unvested Retention and Matched Shares.

The mix between Forfeitable Shares will be weighted considerably more towards Performance Shares, as the Performance Shares will be awarded annually, whereas the Retention Shares will be awarded on an ad hoc basis to address specific needs determined by the Committee. Matched Shares will be awarded subject to meeting the Minimum Shareholding Conditions.

The award levels will be decided by the Committee each time that awards are granted, by taking into account the particular circumstances at that time. Annual allocations will be benchmarked and set to a market related level of remuneration whilst considering the overall affordability thereof to the Company and Group.

More detail surrounding the FSP may be found in the Plan Rules.

8. Minimum Share Holding Condition

The Company believes that senior executives should be encouraged to build up a shareholding in SACREL, to align the real risk of senior executives to that of the shareholders.

Accordingly, senior executives and selected other key Employees are subject to a voluntary Minimum Shareholding Conditions, which works in conjunction with the FSP. The shareholding which each senior executive must achieve in relation to the award and vesting of Matched Shares in terms of the FSP are set out in the Rules of the Plan.

9. Performance Management

9.1 Role of Performance Management

Performance management in the Company assists in supporting Employees in optimising their performance in their current roles and in supporting Employees' on-going development and growth.

9.2 Link between performance and pay

The Company believes in rewarding and recognising high performance which the remuneration policies seek to drive. This focus on high performance is expected to result in a strong differentiation between levels of performers, through the operation of performance based increases, and the short and long-term incentive plans. It will also increase the alignment of the interests of Executives and Employees and shareholders.

10. Policy on employment contracts

In relation to contracts with executive directors, the Committee, subject to circumstances, will maintain the following policy:

- All Employees are on permanent contracts;
- Agreements with executive directors and senior executives are subject to no less than three months' notice period;
- Contracts should not commit the Company to pay on termination arising from the director's failure to perform;
- Balloon payments on termination are not seen as fair remuneration policy;
- If a director is dismissed because of a disciplinary procedure, a shorter notice period should apply without entitlement for compensation for the shorter notice period; and
- Contracts should not compensate directors for severance because of change of control.

Non-executive directors are subject to election by shareholders at the first annual general meeting following their appointment and thereafter are required to submit to retire in accordance with the Board rotation plan.

The appointment of a non-executive director may be terminated without compensation if that director is not re-elected by shareholders or otherwise in accordance with the Company's Memorandum of Incorporation.

11. Non-executive director fees

The Managing Director recommends the non-executive director fee structures to the Committee for onward approval by the board. Input from independent advisers to the Board is sought and considered every three years. In this regard, the Managing Director and the Committee rely on benchmark studies by its independent advisers based on the same comparator group used for executive directors' remuneration. In selecting a comparator group, companies listed on the JSE are sized according to sector, EBITDA, total assets, turnover, number of employees and market capitalisation. Companies with material foreign holdings/income are excluded from the comparator group.

As suggested by the King code of Governance for South Africa, the board fees comprise both a base fee and an attendance fee which, in the Committee's view, is sufficient to attract board members with the appropriate level of skill and expertise. As a policy principle, fees are aimed initially towards the median of the market and ultimately at the median of the selected comparator group.

Approved:

Gugu Dingaan

Chairman of the Remuneration Committee

6 April 2017