

SA CORPORATE REAL ESTATE FUND MANAGERS PROPRIETARY LIMITED
(Registration No. 1994/009895/07)

FORFEITABLE SHARE PLAN (“FSP”)

in respect of

SA CORPORATE REAL ESTATE LIMITED (“SACREL”)
(Registration No. 2015/015578/06)
(Listed on the Johannesburg Stock Exchange)

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1. **INTRODUCTION**

1.1 The purpose of the FSP is to provide selected Employees of the Employer Companies with the opportunity of receiving Shares in SACREL through the making of Awards of Forfeitable Shares.

1.2 The FSP will provide Participants with the opportunity to share in the success of the Group, and may be used as a retention mechanism and as a tool to attract prospective Employees, as well as to provide alignment between Participants and shareholders through the Award of three types of instruments:

1.2.1 Performance Shares, the Vesting of which are subject to pre-determined Performance Condition(s) and continued employment, and which are intended to be used primarily as an incentive to Participants to deliver the Group's business strategy over the long-term; and / or

1.2.2 Retention Shares, the Vesting of which are subject to continued employment of the Participant by the Group, and which are aimed at retention in specific, ad-hoc circumstances; and / or

1.2.3 Matched Shares, the Vesting of which are subject to the Participant satisfying the 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. A Participant may at his election dispose of the Shares held under the Minimum Shareholding Condition at any stage before the expiry of the Employment Period. However, if the Shares are disposed of, before the expiry of the

Employment Periods, the Participant will forfeit his right to Matched Shares in relation to the Shares so withdrawn.

The Minimum Share Holding Condition is 50% of the Participant's TGP and the Company will match holdings from 50% to 1.5 times Total Guaranteed Package, 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.

- 1.3 The FSP will be used for:
 - 1.3.1 Regular annual allocations through the Award of Performance Shares; and / or
 - 1.3.2 Ad hoc Awards of Retention Shares, including the Award of Retention Shares as a sign-on mechanism; and / or
 - 1.3.3 Awards of Matched Shares as determined by the Remuneration Committee.
- 1.4 It is recorded that the SA Corporate Real Estate Fund, a collective investment scheme in property, converted to a Corporate REIT with effect from 1 July 2015. In terms of the conversion process unitholders in the Fund received one

share in SACREL for each unit held in the Fund. The Forfeitable Unit Plan (“FUP”), approved by the JSE and subsequently by unitholders on 15 May 2014 was adopted by SACREL by special resolution on 15 May 2015. It has subsequently been renamed the Forfeitable Share Plan (“FSP”), which is an administrative change permitted in terms of rule 16.3.

SA Corporate Real Estate Fund Managers Proprietary Limited is a subsidiary of SACREL and employs the staff that provide the asset management function to SACREL.

2. **INTERPRETATION**

2.1 In these Rules, unless inconsistent with the context, the following words and expressions shall have the following meanings:

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|-------|-------------|---|
| 2.1.1 | “Act” | the Companies Act 71 of 2008 as amended and any re-enactment or replacement thereof; |
| 2.1.2 | “Accept” | the completion of a Notice of Acceptance by an Employee in terms of 5.3.1.2, and the delivery thereof as indicated in Rule 5.3.1.2 and “Accepted” or “Acceptance” shall be construed accordingly; |
| 2.1.3 | “Allocated” | for purposes of setting the FSP limits referred to in Rule 4, “Allocated” shall mean one Unit allocated per Forfeitable Share Awarded; |
| 2.1.4 | “Auditors” | the auditors of SACREL from time to time; |

- 2.1.5 “Award” (a) an award of a specified number of Performance Shares to an Employee in terms of the FSP, and/or
- (b) an award of a specified number of Retention Shares to an Employee in terms of the FSP, and / or
- (c) an award of a specified number of Matched Shares to an Employee in terms of the FSP, and “Awarded” shall be construed accordingly;
- 2.1.6 “Award Date” the date, specified in the Award Letter, on which an Award is made to an Employee (being a date not earlier than the date on which the Remuneration Committee resolved to make such an Award to the Employee), unless otherwise specified in the Rules;
- 2.1.7 “Award Letter” a letter containing the information specified in Rule 5.2 sent by SACREL, the Company or their nominees, and on the recommendation of the Employer Company, to an Employee informing the Employee of the making of an Award to him;
- 2.1.8 “Business Day” any day on which the JSE is open for the transaction of business;

- 2.1.9 “Capitalisation Issue” a capitalisation issue as contemplated in section 47 of the Act;
- 2.1.10 “Change of Control” where a person (or persons acting together in concert), who did not have Control of SACREL through a transaction, or series of transactions, acquires Control of SACREL;
- 2.1.11 “Change of Control Date” the date on which the Change of Control of the SACREL becomes effective;
- 2.1.12 “Company” SA Corporate Real Estate Fund Managers Proprietary Limited (Registration Number 1994/009895/07), having converted from a public to a private company;
- 2.1.13 “Control” means:
- a) the holding of shares, or the aggregate holdings of shares or other securities in SACREL entitling the holder thereof to exercise, or cause to be exercised, more than 50% (fifty percent) of the voting rights at shareholders meetings of SACREL; or
- b) the holding or control by a shareholder or member alone or pursuant to an agreement with

other shareholders or members of more than 50% of the voting rights in SACREL; or

(c) is entitled, directly or indirectly, to appoint a majority of Directors of the board of Directors of SACREL, or to appoint or remove Directors having a majority of the votes exercisable at meetings of the board of Directors of the Company and/or SACREL;

- 2.1.14 “Date of Termination of Employment” the date upon which a Participant is no longer permanently employed by any Employer Company; being the date upon which the termination of permanent employment of a Participant with any Employer Company takes effect;
- 2.1.15 “Directors” the directors of the Company and/or SACREL from time to time;
- 2.1.16 “Employee(s)” any person holding permanent salaried employment or office with any Employer Company, but excluding any non-executive director of the Group; 14.1(a), 14.4
- 2.1.17 “Employer Company” the Company or any other company in the Group which employs a Participant, or SACREL;

- 2.1.18 “Employment Condition” the condition of continued employment with the Group for the duration of the Employment Period, as specified in the Award Letter, unless otherwise provided for in Rule 10 and Rule 11;
- 2.1.19 “Employment Period(s)” the period or periods commencing on the Award Date and ending on the date as specified in the Award Letter (both dates included) during which the Participant is required to fulfil the Employment Condition;
- 2.1.20 “Escrow Agent” the person or entity appointed by SACREL or the Company from time to time to hold Forfeitable Shares and Pledged Distributions on behalf of Participants, subject to the terms and conditions of these Rules;
- 2.1.21 “Financial Year” as applicable, the financial year of the Company and/or SACREL running from 1 January to 31 December of each year, as amended from time to time;
- 2.1.22 “Forfeitable Shares” Shares, comprising of Performance Shares, and/or Retention Shares, and/or Matched Shares as specified in the Award Letter, registered in the name of the Participant in terms of Rule 6, the Vesting of which may be

subject to the fulfilment of the Employment Condition and/or Performance Condition(s) and/or a Minimum Shareholding Condition as specified in the Award Letter;

- 2.1.23 “Fund” SA Corporate Real Estate Fund, a collective investment scheme in property, converted to a Corporate REIT on 1 July 2015;
- 2.1.24 “FSP” the SA Corporate Forfeitable Share Plan constituted by these Rules and previously known as the Forfeitable Unit Plan (“FUP”);
- 2.1.25 “Group” SACREL and its current investments in companies and the Company and its Subsidiary/ies from time to time, and the expression “member of the Group” shall be construed accordingly;
- 2.1.26 “Initial Allocation Period” the period ending on the last day of the 2014 Financial Year; being 31 December 2014;
- 2.1.27 “JSE” the exchange operated by the JSE Limited (registration number 2005/022939/06);
- 2.1.28 “JSE Listings Requirements” the listings requirements as amended from time to time by the JSE;

- 2.1.29 “Liquidation Date” the date on which any application for the provisional or final liquidation of SACREL is successful;
- 2.1.30 “LRA” the Labour Relations Act 66 of 1995;
- 2.1.31 “Majority of Operations” all or the greater part of the assets or undertaking of SACREL;
- 2.1.32 “Matched Shares” Forfeitable Shares Awarded, in terms of which a required Minimum Shareholding Condition as set out in the Award Letter must be maintained;
- 2.1.33 “Minimum Shareholding Condition” the minimum number of Shares, whether acquired from Participants’ own resources, from a bonus deferral, from Vested Forfeitable Shares under this FSP, or any other method, which Shares are required to be held by a Participant, as set out in the Award Letter, for the duration of the Employment Period(s) for the Vesting of Matched Shares at the expiry of the Employment Period(s), and which Shares are not subject to forfeiture in terms of this FSP;
- 2.1.34 “Notice of Acceptance” a completed written or electronic notice, in the format provided by SACREL or the Company in respect of the Acceptance of Performance

Shares and/or Retention Shares and/or Matched Shares Awarded to such Employee;

- 2.1.35 “Participant” an Employee who has Accepted an Award made to him in terms of the FSP;
- 2.1.36 “Performance Condition(s)” condition(s) of Vesting of an Award of Performance Shares, as set out in the Award Letter unless otherwise provided for in Rule 10 and Rule 11;
- 2.1.37 “Performance Period(s)” the period(s) aligned with the Financial Year(s) of SACREL and/or Company, as applicable, in respect of which Performance Condition(s) are to be satisfied, as set out in the Award Letter;
- 2.1.38 “Performance Shares” Forfeitable Shares Awarded, which are subject to forfeiture if the Performance Condition(s) are not met in the Performance Period and the Employment Condition is not satisfied over the Employment Period;
- 2.1.39 “Pledged Distributions” the portion of each distribution relating to unvested Forfeitable Shares which is required to be pledged by the Participant to SACREL and/or Company and held by the Escrow Agent for the benefit of the Participant, and which is forfeitable to the extent that the underlying

Forfeitable Shares does not Vest. The portion is equivalent to 40% (forty percent) of the post-tax value of each declared distribution amount relating to unvested Forfeitable Shares;

2.1.40 "Prohibited Period" (a) a closed period as defined in the JSE Listings Requirements applicable to SACREL from time to time; or

(b) any other period when there, as determined by the board of the Company and/or SACREL, exists any matter, which constitutes unpublished price sensitive information in relation to SACREL's securities;

2.1.41 "Recharge Policy" a policy or agreement in force from time to time between SACREL and an Employer Company regulating the funding of the Settlement;

2.1.42 "REIT provisions" the provisions applicable to a REIT as contained in the Income Tax Act, No. 58 of 1962, and the JSE Listing Requirements;

2.1.43 "RemCom" the remuneration committee of the board of Directors of SACREL, the members of which do not hold any executive office within the Group;

- 2.1.44 “Retention Shares” Forfeitable Shares Awarded, subject to forfeiture if the Employment Condition is not satisfied over the Employment Period;
- 2.1.45 “Retirement” in relation to a Participant, the normal retirement age as determined by SACREL and/or Company policy;
- 2.1.46 “Rights Issue” the offer of any securities of SACREL to all ordinary shareholders of SACREL *pro rata* to their holdings at the record date;
- 2.1.47 “Rights Issue Share” a Share, or other security, which a Participant can acquire in terms of a Rights Issue by virtue of Forfeitable Shares Awarded to him;
- 2.1.48 “Rules” these Rules of the FSP, as amended from time to time;
- 2.1.49 “SACREL” SA Corporate Real Estate Limited (Registration Number 2015/015578/06), a public company listed on the JSE as a REIT;
- 2.1.50 “Settlement” registration in the name of a Participant of the required number of Forfeitable Shares in accordance with the Settlement method stipulated in Rule 5.4, and the words “Settle”

and "Settled" shall bear a corresponding meaning;

- 2.1.51 "Settlement Date" the date on which Settlement shall occur;
- 2.1.52 "Subsidiary" a company which is a subsidiary within the meaning of the Act, of the Company or of SACREL;
- 2.1.53 "TFCE" the total fixed cost of employment of an Employee which, inter alia, includes cell phone allowances, Employer Company contributions to retirement funds, insurance policies relating to death and disability, and medical aid contributions;
- 2.1.54 "Share" a Share in the capital of SACREL, or a security equivalent thereto following any amendments made to the capital of SACREL as a result of legislative amendments applicable to SACREL;
- 2.1.55 "Vest" the Forfeitable Shares of a Participant no longer being subject to any restrictions or potential forfeiture:
- (a) in the case of Retention Shares, upon fulfilment of the Employment Condition as set out in the Award Letter; and

(b) in the case of Performance Shares, on the later of fulfilment of the Employment Condition and confirmation by the RemCom that the Performance Condition(s) have been fulfilled as set out in Rule 9.1 or 9.2; and

(c) in the case of Matched Shares, on confirmation by the RemCom that the Minimum Shareholding Condition as set out in the Award Letter was maintained for the duration of the Employment Period(s);

and “Vesting” and “Vested” shall be construed accordingly;

2.1.56 “Vesting Date” the date on which Vesting occurs.

2.2 The headings in these Rules are inserted for reference purposes only and shall in no way govern or affect the interpretation hereof.

2.3 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect shall be given to it as if it were a substantive provision in the body of these Rules.

2.4 Unless the context indicates otherwise, an expression that denotes any gender includes the others, a natural person includes a created entity (corporate or unincorporated) and the singular includes the plural, and *vice versa* in each case.

- 2.5 References in these Rules to any statutory provisions include a reference to those provisions as amended or replaced from time to time and include any subordinate legislation made under them from time to time. Any reference to a particular section in a statutory provision is to that section as at the date of adoption of the FSP, and as amended or re-enacted from time to time and/or an equivalent measure in a statutory provision, provided that if as a result of such amendment or re-enactment, the specific requirements of a section referred to in the FSP are changed, the relevant provision of the FSP shall be read also as if it had been amended as necessary, without the necessity for an actual amendment;
- 2.6 When any number of days is prescribed in the FSP, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding day which is a Business Day.
- 2.7 Unless a contrary intention clearly appears -
- 2.7.1 if figures are referred to in numerals and in words and if there is any conflict between the two, the words shall prevail;
- 2.7.2 the words "include", "including" and "in particular" shall be construed as being by way of example or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding word/s;
- 2.7.3 any reference in the FSP to another agreement or document shall be construed as a reference to such other agreement or document as same

may have been, or may from time to time be, amended, varied, novated or supplemented; and

2.7.4 the words "other" and "otherwise" shall not be construed *eiusdem generis* with any preceding words if a wider construction is possible.

3. **OPERATION OF THE FSP**

Basis of Awards 14.1(f)

3.1 The RemCom may from time to time, in its discretion, call upon the Employer Companies to nominate Employees for participation in the FSP.

3.2 The RemCom will have the final authority to decide:

3.2.1 which Employees will participate in the FSP in respect of each Award;

3.2.2 subject to the provisions of Rule 4.1, the aggregate annual quantum of Forfeitable Shares to be Awarded to all Employees;

3.2.3 subject to the provisions of 4.2, the number of Performance Shares and / or Retention Shares and / or Matched Shares that may comprise an Award to an Employee by taking into consideration:

3.2.3.1 the number of Shares held by the Employee; and / or

3.2.3.2 the Employee's TFCE, grade, performance, retention requirements and market benchmarks.

3.2.4 whether Awards will be made on an annual basis or *ad hoc* basis;

- 3.2.5 the Employment Period(s) and Vesting Date(s) in respect of each Award;
 - 3.2.6 in terms of Performance Shares, the terms of the Performance Condition(s) or any further conditions, and Performance Period(s) determined by the RemCom and set out in the Award Letter;
 - 3.2.7 in terms of Matched Shares, the terms of the Minimum Shareholding Condition determined by the RemCom and set out in the Award Letter.
 - 3.2.8 all other issues relating to the governance and administration of the FSP.
- 3.3 Subsequent to the Award Date, the Forfeitable Shares will be Settled to the Participant and the Participant has all shareholder rights from the Settlement Date, subject to the forfeiture and disposal restrictions until the Vesting Date, and the remaining provisions of these Rules. 14.1(e)
- 3.4 If, and when, the RemCom approves an Award of Forfeitable Shares, the RemCom shall notify the Employer Company of each Employee in its employ who has been approved for participation in the FSP.
- 3.5 Each Employer Company of an Employee whose participation in the FSP has been approved shall, in writing, acknowledge to the RemCom participation of its respective Employees in the FSP.
- 3.6 SACREL, the Company, or their nominees, shall issue an Award Letter to every Employee who has been approved for participation in the FSP as soon as is practically possible after receiving the RemCom's notification in terms of Rule 3.4.

3.7 The Employer Companies will, however, remain responsible to procure the Settlement of the benefits under the FSP to the Participants employed by them on the Settlement Date, or as may otherwise be regulated under the Recharge Policy.

4. **FSP LIMITS**

4.1 **Overall SACREL Limit** ^{14.1(b)}

4.1.1 Subject to Rule 4.3.1, the aggregate number of Shares at any one time which may be Allocated under the FSP shall not exceed 59 402 790 (Fifty Nine Million Four Hundred and Two Thousand Seven Hundred and Ninety) Shares, equating to approximately 3% of the number of issued Shares as at the date of adoption of the FSP. In the event of a discrepancy between the number of Shares and the percentage of issued Shares it represents, the number of Shares shall prevail over the stated percentage.

4.1.2 The limit referred to in Rule 4.1.1 shall include the following:

4.1.2.1 Shares held by a Subsidiary in treasury account which have been utilised by SACREL in Settlement of this FSP as contemplated in Rules 5.4.2.2 and 5.4.2.3; and

4.1.2.2 The actual number of new Shares allotted and issued by SACREL in Settlement of this FSP as contemplated in Rules 5.4.2.4 and 5.4.2.5.

4.1.3 The limit referred to in Rule 4.1.1 shall exclude the following:

4.1.3.1 Shares purchased in the market as contemplated in Rule 5.4.2.1 in Settlement of this FSP; 14.9(c)

4.1.3.2 Forfeitable Shares Awarded under the FSP, which do not subsequently Vest in a Participant as a result of the forfeiture thereof. 14.3(f)

4.2 Individual limit14.1(c)

Subject to the provisions of Rule 12, the maximum number of Shares Allocated to any Participant under this FSP in respect of all Awards, shall not exceed 9 900 465 (Nine million nine hundred thousand four hundred and sixty five) Shares, representing approximately 0.5% of the issued number of Shares. In the event of a discrepancy between the number of Shares and the percentage of issued Shares it represents, the number of Shares shall prevail over the stated percentage.

4.3 Adjustments

4.3.1 The Directors must, where required, adjust the number of Shares available for the FSP stated in Rule 4.1.1 (without the prior approval of SACREL in a general meeting) to take account of a sub-division or consolidation of the Shares of SACREL. Such adjustment should ensure that the limit as stated in 4.1.1 represents the same proportion of the equity capital in SACREL as it represented before such event. 14.3(a)

4.3.2 The Directors may, where required, adjust the number of Shares available for the individual limit stated in Rule 4.2 (without the prior

approval of SACREL in a general meeting) to take account of a capitalisation issue, a special distribution, a Rights Issue or reduction in capital of SACREL. Such adjustment should give a Participant entitlement to an equivalent proportion of equity capital as that to which he was previously entitled immediately prior to the aforementioned event.

14.3(b)

4.3.3 The Auditors, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any such adjustment in terms of Rules 4.3.1 and 4.3.2 has been properly calculated on a reasonable and equitable basis, in accordance with the Rules. 14.3(d)

4.3.4 The issue of Shares as consideration for an acquisition, and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the limits stated in Rules 4.1 and 4.2. 14.3(c)

4.3.5 Any adjustments made in terms of Rules 4.3.1 and 4.3.2 must be reported on in SACREL's financial statements in the year during which the adjustment is made. 14.3(e)

5. **MAKING AND SETTLEMENT OF AWARDS**

5.1 **Time when Awards may be made**

5.1.1 The RemCom may, on recommendation and on behalf of any Employer Company, select any Employee for participation in the FSP, and make an Award to such Employee:

- 5.1.1.1 after the FSP has been approved by shareholders; and
- 5.1.1.2 after the publication of SACREL's annual results for the relevant Financial Year. However, the RemCom may, on behalf of an Employer Company, allow an Employee to join the FSP part way through a Financial Year of the Company by making an Award as soon as is practically possible after the interim results are published; and
- 5.1.1.3 on any day on which there are no restrictions on the making of Awards being restrictions imposed by a Prohibited Period, statute, order, regulation or directive, or by any code adopted by SACREL and/or Company based on the provisions contained in the King report on corporate governance relating to dealings in securities by directors or the JSE Listings Requirements, as the case may be.

5.2 **Award Letter**

- 5.2.1 The Award Letter shall be in writing and shall specify the terms of the Award including:
 - 5.2.1.1 the name of the Employee;
 - 5.2.1.2 the Award Date;
 - 5.2.1.3 on what basis the Award is made;
 - 5.2.1.4 the number of Forfeitable Shares subject to an Award;
 - 5.2.1.5 the Vesting Date and Employment Period for Forfeitable Shares;

- 5.2.1.6 the extent to which the Award of Forfeitable Shares is subject to Performance Condition(s);
- 5.2.1.7 the applicable Performance Condition(s);
- 5.2.1.8 the Performance Period (if applicable) for Forfeitable Shares;
- 5.2.1.9 the Minimum Shareholding Condition (if applicable); and
- 5.2.1.10 any other relevant terms and conditions.

5.3 **Award of Forfeitable Shares**

5.3.1 An Award shall:

- 5.3.1.1 be personal to the Employee to whom it is addressed and may only be acted on by such Employee; and
- 5.3.1.2 if accepted, must be Accepted by Notice of Acceptance delivered to SACREL, the Company or Employer Company in the format prescribed by SACREL, the Company or Employer Company, within 30 (thirty) days after the Award Date; and
- 5.3.1.3 state that it is made on the terms and subject to the conditions of the Rules of the FSP.

5.4 **Settlement of Awards**

- 5.4.1 Following the making of an Award of Forfeitable Shares, SACREL, the Company or relevant Employer Company shall within 30 (thirty) days of the Award Date procure the Settlement of that number of Forfeitable

Shares to the Participant in accordance with the Settlement methods described in Rule 5.4.2.

5.4.2 Any one of the following Settlement methods for Forfeitable Shares may be used, as directed by the RemCom:

5.4.2.1 SACREL, the Company or relevant Employer Company will, if so instructed by the RemCom, incur an expense by making a cash contribution to any third party equal in value to the required number of Shares in Settlement of the Award on the basis that the third party will acquire the required number of Shares on the market and effect Settlement to the Participant. Where SACREL or the Company incurs the costs in the form of the cash contribution in respect of Participants employed by another Employer Company, SACREL or the Company may recharge such costs to the relevant Employer Company in terms of the Recharge Policy; or ^{14.9(c)}

5.4.2.2 The relevant Employer Company by which that Participant is employed will use Shares held in treasury account and effect Settlement to that Participant; or

5.4.2.3 SACREL or the Company or relevant Employer Company by which that Participant is employed will, if so instructed by the RemCom, incur an expense by making a cash contribution to any Subsidiary for Settlement to that Participant, which Subsidiary shall not be an Employer Company for the purposes of the FSP, on the basis that the Subsidiary will deliver the Shares to the Participant for and on

behalf of SACREL or the Company or relevant Employer Company, for the purpose of discharging SACREL or the Company or relevant Employer Company's obligation to deliver Shares to Participants. Where SACREL or the Company incurs the costs in the form of the cash contribution in respect of Participants employed by another Employer Company, SACREL or the Company may recharge such costs to the relevant Employer Company in terms of the Recharge Policy. The cash contribution which SACREL or the Company or relevant Employer Company shall make to the Subsidiary shall be either:

- 5.4.2.3.1 the market value per Share on the Settlement Date; or
- 5.4.2.3.2 the minimum value per Share as prescribed in the Act; or
- 5.4.2.3.3 an amount equal to the cost incurred by the Subsidiary in acquiring the Shares held in treasury; or
- 5.4.2.4 SACREL or the Company or relevant Employer Company will, if so instructed by the RemCom, incur an expense by making a cash contribution to a third party equal in value to the subscription price of the Shares concerned, on the basis that the third party will acquire the number of Shares required for the purpose of discharging SACREL or the Company or relevant Employer Company's obligation to deliver Shares to Participants and effect Settlement to the Participant, by way of subscription for new Shares

to be allotted and issued by SACREL, for a subscription price per Share of either:

- 5.4.2.4.1 the market value per Share on the Settlement Date; or
- 5.4.2.4.2 the minimum value per Share as prescribed in the Act.

Where SACREL or the Company incurs the costs in the form of the cash contribution in respect of Participants employed by another Employer Company, SACREL or the Company may recharge such costs to the relevant Employer Company in terms of the Recharge Policy; or

- 5.4.2.5 SACREL will, if so instructed by the RemCom, issue Shares to the Participants, and where such Participants are employed by another Employer Company, it may recharge the related costs to the respective Employer Company in terms of the Recharge Policy.

- 5.4.3 The number of Forfeitable Shares delivered to the Participant in Settlement of Awards shall be that stipulated in the Award Letter irrespective of the cost to SACREL, the Company or Employer Company.

- 5.4.4 For the Award of Forfeitable Shares, save for Securities Transfer Tax, which the Employer Company may recover from the Participant, the Participant will give no consideration for the Award of Forfeitable Shares or Settlement of the Award of Forfeitable Shares. The method of recovering the Securities Transfer Tax amount will be agreed between the Employer Company and the Participant prior to the Settlement Date

and, failing such agreement being reached, the Employer Company may withhold such amount required from the Participant's salary or other payments due to him from the Employer Company. 14.1(d)(i)

6. **OWNERSHIP IN RESPECT OF FORFEITABLE SHARES AND PARTICIPANT'S RIGHTS BEFORE THE VESTING DATE**

6.1 Following the Settlement of an Award of Forfeitable Shares, the RemCom will procure that the Shares are held by the Escrow Agent for the absolute benefit of the Participants as owners of the Forfeitable Shares, but subject to the provisions of Rule 10. The Forfeitable Shares may not be disposed of or otherwise encumbered at any time from the date of their Settlement, up to and including the Vesting Date, except that on a Participant's death (as envisaged in Rule 10.2) his Forfeitable Shares may be transferred to the executor of his estate, but subject to the JSE Listings Requirements. 14.9(b)

6.2 The Forfeitable Shares shall be subject to the control of the Escrow Agent acting on instructions from SACREL or the Company from the Settlement Date up to and including the Vesting Date, where after SACREL or the Company shall, subject to Rule 10, procure unrestricted delivery of the Forfeitable Shares to the Participant and shall procure the release of the Forfeitable Shares from the Escrow Agent. Forfeitable Shares held by the Escrow Agent may only be sold on behalf of Participants after Vesting takes place on the Vesting Date, but subject to the JSE Listings Requirements. 14.9(b)

6.3 **Distributions, Pledged Distributions and other shareholder rights**

- 6.3.1 The Participant has all shareholder rights, including voting and distribution rights, in respect of the Forfeitable Shares from the Settlement Date, subject to Rule 6.3.2. To the extent that the Participant does not exercise his rights as shareholder, they may not be exercised by the Escrow Agent. ^{14.1(e)}
- 6.3.2 For any distribution(s) received by a Participant in terms of an unvested Performance Share, the Participant who receives such distribution(s) shall pledge an amount equivalent to 40% (forty percent) of the post-tax value of such distribution(s) back to SACREL and/or Company, to be held by the Escrow Agent for his benefit. These Pledged Distributions will be subject to forfeiture by the Participant in the event and to the extent of the lapse of the underlying Forfeitable Shares as provided for in Rule 13.
- 6.3.3 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.
- 6.4 The Participant shall provide his Employer Company with, and the Participant shall consent to his Employer Company furnishing the Escrow Agent with, any information relating to the Participant's identification that the Escrow Agent may require in order to ensure compliance with the Financial Intelligence Centre Act, 2001 or any other applicable legislation.
- 6.5 The Participant shall, where required, enter into a written agreement with the Escrow Agent, in a form approved by the Employer Company, relating to the

holding of the Forfeitable Shares and / or Pledged Distributions by the Escrow Agent until the Vesting Date.

- 6.6 SACREL, the Company and/or Employer Company shall not be liable for any loss or damage arising from any act or omission of the Escrow Agent, any central securities depository participant ("CSDP") engaged by the Escrow Agent, any employee, director, or representative of the Escrow Agent or such CSDP in connection with or arising out of the holding of, or transacting in, the Forfeitable Shares or Pledged Distributions.

7. **SETTING AND REVIEW OF PERFORMANCE CONDITION**

7.1 **Setting of the Performance Condition(s)**

- 7.1.1 Subject to Rules 10 and 11, the Vesting of an Award of Performance Shares will be subject to the satisfaction of the Performance Condition(s) and any further conditions set by the RemCom and set out in the associated Award Letter.

- 7.1.2 Any such Performance Condition(s) and any further condition imposed under Rule 7.1.1 shall be:

7.1.2.1 objective; and

7.1.2.2 set out in, or attached in the form of a schedule to, the Award Letter.

- 7.2 In respect of Performance Shares, should an event occur at any point during the Performance Period which causes the RemCom to consider that the Performance Condition(s) are no longer appropriate, the RemCom may

substitute or vary the Performance Condition(s) on 10 days written notice to the Participants in such manner as:

- 7.2.1 is reasonable in the circumstances; and
- 7.2.2 produces a fairer measure of performance and is not materially less or materially more difficult to satisfy.

The Performance Shares will then take effect subject to the Performance Condition(s) as so substituted or varied and communicated to the Participant.

7.3 **Review of the Performance Condition(s)**

- 7.3.1 As soon as reasonably practicable after the end of the Performance Period in relation to Performance Shares, the RemCom shall review whether the Performance Condition(s) or any further conditions determined by the RemCom and set out in the Award Letter have been met.
- 7.3.2 If the RemCom is satisfied that the Performance Condition(s) or any further conditions determined by the RemCom and set out in the Award letter have been fulfilled, the RemCom shall calculate the number of Performance Shares and Pledged Distributions that will Vest for each Participant and shall notify the Participant of this fact as soon as is reasonably practicable after the calculation has been made.
- 7.3.3 If the RemCom is satisfied that the Performance Condition(s) or any further conditions determined by the RemCom and set out in the Award Letter have not been fulfilled, the Performance Shares shall not Vest and

will lapse immediately. The Participant shall be notified of such fact accordingly.

7.3.4 In the event that the Performance Condition(s) or any further conditions determined by the RemCom and set out in the Award Letter have to be reviewed prior to the end of the Performance Period, as envisaged by Rules 10 and 11, the RemCom will have regard to the following when determining whether, and the extent to which, the Performance Condition(s) have been satisfied:

7.3.4.1 where the event which triggers the early review occurs within 6 months of the end of the Company and/or SACREL's preceding Financial Year end, the Performance Condition(s) will be reviewed by reference to the results reported by the Company and/or SACREL at its previous Financial Year end; and

7.3.4.2 where the event which triggers the early review occurs more than 6 months after the end of the Company and/or SACREL's preceding Financial Year end, the Performance Condition(s) will be reviewed by reference to the interim results reported by the Company and/or SACREL.

8. **REVIEW OF THE MINIMUM SHAREHOLDING CONDITION**

8.1 As soon as reasonably practicable after the end of the Employment Period in relation to Matched Shares, the RemCom shall review whether the Minimum Shareholding Condition determined by the RemCom and set out in the Award Letter has been met. For the avoidance of doubt, a Participant may at his

election dispose of the Shares held under the Minimum Shareholding Condition at any stage before the expiry of the Employment Period. However, if the Shares are disposed of, before the expiry of the Employment Period, the Participant may no longer participate in, or be entitled to receive, the Matching Shares in relation to the Shares so disposed of.

8.2 If the RemCom is satisfied that the Minimum Shareholding Condition has been fulfilled or partly fulfilled, the RemCom shall calculate the number of Matched Shares that will Vest for each Participant and shall notify the Participant of this fact as soon as is reasonably practicable after the calculation has been made.

8.3 If the RemCom is satisfied that the Minimum Shareholding Condition has not been fulfilled, the Matched Shares shall not Vest and will lapse immediately. The Participant shall be notified of such fact accordingly.

9. **VESTING OF AWARDS**

9.1 Subject to Rules 10, 11 and 14.3, the Award of Retention Shares will Vest on the date or dates specified in the Award Letter to be the Vesting Date, provided the Employment Condition specified in the Award Letter has been fulfilled.

9.2 Subject to Rules 10, 11 and 14.3, the Award of Matched Shares will Vest on the date or dates specified in the Award Letter to be the Vesting Date, provided the Employment Condition and Minimum Shareholding Requirement specified in the Award Letter have been fulfilled.

9.3 Subject to Rules 10, 11 and 14.3, the Performance Shares will Vest on the later of:

- 9.3.1 the date on which the RemCom determines that the Performance Condition(s) have been satisfied; and
- 9.3.2 the date or dates on which the Participant has satisfied the Employment Condition and any further conditions which may have been imposed by the RemCom and specified in the Award Letter.
- 9.4 The effect of an Award of Forfeitable Shares Vesting will be that the restrictions imposed on the Forfeitable Shares shall cease to apply and the risk of forfeiture of the Forfeitable Shares and corresponding Pledged Distributions will lift, and the corresponding Pledged Distributions will be repaid to the Participants within a reasonable time of Vesting of the Forfeitable Shares.
- 9.5 No amount will be payable by the Participant in respect of Forfeitable Shares or corresponding Pledged Distributions on the Vesting Date. ^{14.1(d)(i)}
- 9.6 Before Vesting of a Forfeitable Share, a Participant may, by way of notice to the company secretary of SACREL and / or Company, elect to further postpone the Vesting of that Forfeitable Share by undertaking to not dispose thereof for a specified period as indicated in the particular election. Although these Forfeitable Shares will remain unvested as a result of the election by the Participant, and may not be disposed of for the period indicated in the relevant election, they will no longer be subject to the forfeiture provisions contained in these Rules. With effect from the date on which these Forfeitable Shares would have Vested in terms of the Rules of the FSP, the RemCom may take these Forfeitable Shares into account in determining whether, and the extent

to which, a particular Participant has complied with the Minimum Shareholding Condition in respect of the Matched Shares.

10. **TERMINATION OF EMPLOYMENT AND DEATH** ^{14.1(h)}

10.1 **Resignation or dismissal**

10.1.1 If a Participant's employment with any Employer Company terminates before the Vesting Date by reason of:

10.1.1.1 his resignation; or

10.1.1.2 dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct, or conduct against the interest of the Group or its shareholders (whether such cessation occurs as a result of notice given by him or otherwise or where he resigns to avoid dismissal on ground of misconduct, poor performance, dishonest or fraudulent conduct, or conduct against the interest of the Group or its shareholders); or

10.1.1.3 his abscondment,

his Award and any Pledged Distributions associated with such Award will be forfeited in its entirety and will lapse immediately on the Date of Termination of Employment. For the avoidance of doubt, any Award which have already Vested will be unaffected by this provision.

10.1.2 A Participant who ceases to be employed by an Employer Company on the basis that the Participant is immediately thereafter employed by

another Employer Company, shall be deemed not to have terminated employment for the purposes of the FSP and the Participant's rights in and to any Award and / or Pledged Distributions shall be deemed to be unaffected.

10.1.3 In the event of 10.1.2 above,

10.1.3.1 all Awards granted to such Participant by the first Employer Company shall remain in force on the same terms and conditions as set out in these Rules; and

10.1.3.2 the second Employer Company shall assume a pro-rata portion of the first Employer Company's obligations in respect of the relevant Awards in consideration for obtaining the Participant's services from the first Employer Company.

10.2 **Death, Retirement, retrenchment, ill-health, injury, disability and sale of Employer Company**

10.2.1 If a Participant's employment with any Employer Company terminates prior to the Vesting Date by reason of:

10.2.1.1 death; or

10.2.1.2 injury, disability or ill-health, in each case as certified by a qualified medical practitioner nominated by the relevant Employer Company and determined to the satisfaction of the board of Directors; or

- 10.2.1.3 Dismissal based on operational requirements as contemplated in the LRA; or
 - 10.2.1.4 Retirement, except where Retirement is elected as the cause of termination of employment in instances which would have warranted cessation of employment in terms of Rule 10.1; or
- 10.2.2 the Participant's Employer Company ceasing to be a member of the Group or the undertaking in which he is employed being transferred to a transferee which is not a member of the Group;
- a portion of his Award of Forfeitable Shares shall Vest on the Date of Termination of Employment or as soon as reasonably possible thereafter. The portion of the Award which shall Vest will be calculated in accordance with Rules 10.2.3 and 10.2.4 and 10.2.5.
- 10.2.3 In respect of Retention Shares, the portion of the Award which shall Vest will reflect the number of complete months served since the Award Date to the Date of Termination of Employment, over the total number of months in the Employment Period.
 - 10.2.4 In respect of Matched Shares, the RemCom will consider whether the Minimum Shareholding Condition has been satisfied for the period from the Award Date until the Date of Termination of Employment, and if the RemCom deems the Minimum Shareholding Condition to be satisfied for that period, the portion of the Award which shall Vest will reflect the number of complete months served since the Award Date to the Date of

Termination of Employment, over the total number of months in the Employment Period.

10.2.5 In respect of the Performance Shares, and if the Participant's employment is terminated due to:

10.2.5.1 death, the RemCom will calculate whether, and the extent to which the Performance Condition(s) have been satisfied on the Date of Termination of Employment by reference to immediately preceding Financial Year. The portion of the Award which shall Vest will be determined based on the extent to which the Performance Condition(s) set out in the Award Letter have been satisfied and the number of complete months served since the Award Date to the Date of Termination of Employment over the total number of months in the Employment Period; or

10.2.5.2 injury, disability or ill-health, dismissal based on operational requirements, Retirement, or sale of an Employer Company,

the RemCom will, in accordance with Rule 7.3.4, calculate whether, and the extent to which, the Performance Condition(s) have been satisfied on the Date of Termination of Employment. The portion of the Award which shall Vest will be determined based on the extent to which the Performance Condition(s) set out in the Award Letter have been satisfied and the number of complete months served since the Award Date to the Date of Termination of Employment over the total number of months in the Employment Period.

10.3 To the extent that there is more than one Vesting Date and more than one Employment Period in respect of a particular Award, the calculation set out in Rules 10.2.3 and 10.2.4 should be carried out in respect of each Employment Period.

10.4 The portion of the Award that does not Vest will lapse on the Date of Termination of Employment.

10.5 For the avoidance of doubt, any Awards which have already Vested will be unaffected by this provision.

10.6 **Other terminations and exceptional circumstances**

10.6.1 Subject to the RemCom determining otherwise in its absolute discretion, if the Participant ceases to be in the employment of any Employer Company before the Vesting Date for any other reason, a portion of his Award shall Vest on the Date of Termination of Employment or as soon as reasonably practicable thereafter. The portion of the Award which shall Vest will be calculated in accordance with Rule 10.2.

10.6.2 The portion of the Award that does not Vest shall lapse on the Date of Termination of Employment.

10.6.3 For the avoidance of doubt, any Awards which have already Vested will be unaffected by this provision.

10.7 **Pledged Distributions**

10.7.1 In all instances, the treatment of the Pledged Distributions will follow that of the underlying Award, and the Pledged Distributions will be forfeited to the extent that the underlying Award is forfeited.

11. **CHANGE OF CONTROL** 14.1(g)

11.1 Subject to Rule 11.7, in terms of Awards made during the Initial Allocation Period, in the event of a Change of Control of SACREL which directly results in:

11.1.1 the Shares ceasing to be listed on the JSE or;

11.1.2 the Majority of Operations of SACREL being merged with those of another company or companies,

the greater of the following two portions of the Award held by the Participant will Vest in the Participant on the Change of Control Date, or as soon as reasonably practicable thereafter:

(i) The portion of the Award calculated in accordance with Rules 11.2, 11.30, 11.4 and 11.5; or

(ii) 50% (fifty percent) of the Award.

11.2 Subject to Rule 11.9, in terms of Awards made after the Initial Allocation Period but before the Vesting Date, in the event of a Change of Control of SACREL which directly results in:

11.2.1 the Shares ceasing to be listed on the JSE or;

11.2.2 the Majority of Operations of SACREL being merged with those of another company or companies,

a portion of the Award held by a Participant will Vest on the Change of Control Date, or as soon as reasonably practicable thereafter. The portion of the Award which shall Vest will be calculated in accordance with Rules 11.3 and 11.4.

11.3 In respect of Retention Shares the portion of the Award which shall Vest will reflect the number of complete months served since the Award Date to the Change of Control Date, over the total number of months in the Employment Period.

11.4 In respect of Matched Shares, the RemCom will consider whether the Minimum Shareholding Condition has been satisfied for the period from the Award Date until the Change of Control Date, and if the RemCom deems the Minimum Shareholding Condition to be satisfied for that period, the portion of the Award which shall Vest will reflect the number of complete months served since the Award Date to the Change of Control Date, over the total number of months in the Employment Period.

11.5 In respect of Performance Shares, the RemCom will calculate whether, and the extent to which, the Performance Condition(s) have been satisfied by reference to the results reported by the Company at its previous Financial Year end. The portion of the Forfeitable Shares which shall Vest will be determined based on the extent to which the Performance Condition(s) have been

satisfied and the number of complete months served since the Award Date to the Change of Control Date over the total number of months in the Employment Period.

11.6 To the extent that there is more than one Vesting Date and more than one Employment Period in respect of a particular Award, the calculation set out in Rules 11.3 and 11.4 should be carried out in respect of each Employment Period.

11.7 The portion of the Award of Performance Shares and / or Retention Shares and / or Matched Shares that does not Vest on the Change of Control Date will continue to be subject to the terms of the FSP. The RemCom may make such adjustment to the number of Forfeitable Shares comprised in the relevant Award to place Participants in no worse a position than they were prior to the occurrence of the relevant event. Such adjustment should give the Participant an entitlement to an equivalent proportion of the equity capital of SACREL as that to which he was entitled prior to the occurrence of the relevant event. ^{14.3(b)}

11.8 If SACREL and/or Company undergoes a Change of Control pursuant to a transaction, the terms of which make provision for:

11.8.1 the FSP to continue to operate as set out in these Rules and the relevant Award Letter, irrespective of the Change of Control; or

11.8.2 Participants' rights under this FSP to be replaced with awards in respect of shares in one or more other companies on a basis which is determined by an independent merchant bank or auditor to be fair and reasonable to the Participants,

the provisions of Rule 11.1 shall not apply.

11.9 If there is an internal reconstruction or other event which does not involve:

11.9.1 any Change of Control; or

11.9.2 any change in the ultimate Control of SACREL; or

11.9.3 a Change of Control which does not result directly in an event specified in Rules 11.2.1, 11.2.2; or

11.9.4 if any other event happens which may affect the Awards including the Shares ceasing to be listed on the JSE,

the Award held by a Participant shall not Vest as a consequence of that event and shall continue to be governed by the Rules of the FSP. However, the RemCom may take such action as it considers appropriate to protect the interests of Participants following the occurrence of such event, including converting Awards into awards in respect of shares in one or more other companies, provided the Participant is no worse off. The RemCom may also vary the Performance Condition(s) relating to Forfeitable Shares in accordance with Rule 7.2.

11.10 **Pledged Distributions**

11.10.1 In all instances, the treatment of the Pledged Distributions will follow that of the underlying Award, and the Pledged Distributions will be forfeited to the extent that the underlying Award is forfeited.

12. **VARIATION IN SHARECAPITAL** 14.3(b), (c), (d) and (e)

12.1 Capitalisation Issue, subdivision or consolidation of Shares, liquidation, etc

12.1.1 In the event of a:

12.1.1.1 Capitalisation Issue; or

12.1.1.2 a subdivision of Shares; or

12.1.1.3 a consolidation of Shares; or

12.1.1.4 SACREL entering into a scheme of arrangement as contemplated in section 114 of the Act; or

12.1.1.5 SACREL making distributions, including a distribution *in specie*, other than a distribution paid in the ordinary course of business out of the current year's retained earnings,

Participants shall continue to participate in the FSP. The RemCom shall make such adjustment to the number of Forfeitable Shares comprised in the relevant Award to place Participants in no worse a position than they were prior to the occurrence of the relevant event. Such adjustment should give the Participant an entitlement to an equivalent proportion of the equity capital of SACREL as that to which he was entitled prior to the occurrence of the relevant event. 14.3(b)

12.2 The issue of Shares as consideration for an acquisition, the issue of Shares for cash and the issue of Shares for a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to Awards. 14.3(c)

- 12.3 The Company shall notify the Participants of any adjustments which are made under Rule 12.1. Where necessary, in respect of any such adjustments, the Auditors, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, shall confirm to the Company in writing that these are calculated on a non-prejudicial basis. 14.3(d)
- 12.4 The Auditors shall confirm in writing to the JSE whether those adjustments were calculated in accordance with the Rules. Such confirmation is to be provided to the JSE at the time that the relevant adjustment is finalised. Any adjustments made will be reported in SACREL's annual financial statements in the year during which the adjustments are made, to the extent required by the Act or the JSE Listings Requirements. 14.3(e)
- 12.5 **Rights Issue** 14.3(b)
- 12.5.1 In the event of a Rights Issue, a Participant shall be entitled to participate in any Rights Issue in respect of his Forfeitable Shares and any additional Shares subject to the Awards of Forfeitable Shares as a result of any event listed in Rule 12.1 above.
- 12.5.2 If a Rights Issue to the shareholders of SACREL is proposed, the RemCom shall notify the Participants holding Awards of Forfeitable Shares of that Rights Issue in writing. The written notice shall specify:
- 12.5.2.1 the terms and conditions of the Rights Issue as contained in the letter of allocation accompanying the Rights Issue;
- 12.5.2.2 the number of Rights Issue Shares offered;

- 12.5.2.3 the price payable in respect of the Rights Issue Shares and any costs incidental to the purchase of the Rights Issue Shares, including Securities Transfer Tax; and
- 12.5.2.4 the date by which the Participant should notify the RemCom if he intends to purchase the Rights Issue Shares;
- 12.5.3 If any Participant holding Awards of Forfeitable Shares intends to purchase the Rights Issue Shares he shall:
 - 12.5.3.1 notify the RemCom of his intention by the date specified in the notice sent to him in terms of Rule 12.5.2;
 - 12.5.3.2 simultaneously pay the full price in respect of the Rights Issue Shares and costs incidental to the purchase of the Rights Issue Shares, including Securities Transfer Tax; and
 - 12.5.3.3 be deemed to have authorised the Escrow Agent to take all necessary steps and sign all documents to purchase the Rights Issue Shares for his benefit.
- 12.5.4 If the Participant fails to notify the RemCom of his or her intention to purchase the Rights Issue Shares by the date specified in the notice in terms of Rule 12.5.2 he shall be deemed to have waived his right to take up any Rights Issue Shares in terms of the Rights Issue. In this instance the Escrow Agent shall sell the rights pertaining to the Rights Issue on behalf of the Participant and remit such proceeds to such Participant.

- 12.5.5 The Rights Issue Shares will not be subject to any restrictions in terms of the FSP and shall Vest immediately upon acquisition in terms of the Rights Issue.
- 12.6 To the extent that the Participant is not permitted to participate in a Rights Issue, Rule 12.1 to 12.4 shall apply *mutatis mutandis* to Forfeitable Shares that have not Vested.
- 12.7 If SACREL and/or Company is placed into liquidation, other than for purposes of reorganisation, an Award of Forfeitable Shares shall ipso facto lapse as from the Liquidation Date.

13. **FORFEITURE AND LAPSE OF AWARDS AND PLEDGED DISTRIBUTIONS**

- 13.1 Notwithstanding any other provision of the Rules, an Award of Forfeitable Shares and Pledged Distributions shall lapse on the earliest of:
 - 13.1.1 The RemCom determining that the Performance Condition(s) (if applicable) or Employment Condition or Minimum Shareholding Condition, as applicable, or any further condition imposed under Rule 5.2, in relation to Forfeitable Shares, has not been satisfied either in whole or in part in respect of the Award and can no longer be satisfied;
 - 13.1.2 Subject to Rule 10 and 11, the Date of Termination of Employment;
 - 13.1.3 The Liquidation Date, in accordance with Rule 12.7; and
 - 13.1.4 Any other date provided for under these Rules.

- 13.2 If Forfeitable Shares and Pledged Distributions are forfeited under the FSP, the Company will, subject to the JSE Listings Requirements, instruct the Escrow Agent to sell or to procure the sale of any forfeited Forfeitable Shares on such terms as the Company, in its sole and absolute discretion, may consider appropriate. 14.9(b), 14.10
- 13.3 Upon the sale referred to in Rule 13.2, SACREL or Company or Employer Company will retain the proceeds of any sale and forfeited Pledged Distributions, net of any deductions that may be owing to the Escrow Agent.
- 13.4 Subject to Rule 13.2, SACREL and/or Company may take such further steps in its sole and absolute discretion, it may consider it appropriate to deal with the Forfeitable Shares and Pledged Distributions which have been forfeited.
- 13.5 In all instances, the treatment of the Pledged Distributions will follow that of the underlying Award, and the Pledged Distributions will be forfeited to the extent that the underlying Award is forfeited.
- 13.6 To avoid any uncertainty, any other Shares held by a Participant which are not restricted in terms of this FSP, whether or not such Shares form part of the Minimum Shareholding Condition, may be disposed of at any stage, and will not be subject to forfeiture for any reason in terms of this FSP.

14. **FURTHER CONDITIONS**

- 14.1 In circumstances where the tax and/or regulatory requirements of a particular jurisdiction where a Participant works makes the delivery of Shares impossible or impractical, the RemCom can direct that the Participants be paid a cash

amount in lieu of Shares that would have become liable to be delivered to the Participant, which is equivalent to the aggregate market value of such Shares as at the Vesting Date, on such date. A separate Country Schedule detailing the provisions in respect of such jurisdiction may be adopted in addition to, or instead of, paying a cash amount in lieu of Shares on the Vesting Date.

14.2 An Employer Company may withhold any amount required:

14.2.1 to meet any costs in respect of the Vesting of an Award of Forfeitable Shares, for which the Participant is liable; or

14.2.2 for employees' tax,
from the Participant's remuneration or any other amount due by the Employer Company to the Participant.

14.3 The Employer Company will delay the Settlement or Vesting of the Award of Forfeitable Shares, whichever is appropriate, to the Participant if the acquisition or disposal of the Shares would otherwise:

14.3.1 occur during a Prohibited Period; or

14.3.2 be in contravention of any code adopted by SACREL and/or Company relating to dealings in securities by Directors; or

14.3.3 be prohibited by insider trading legislation or any other legislation or regulations,
until such time as the Settlement or Vesting of the Award of Forfeitable Shares will no longer constitute such a contravention.

- 14.4 The rights of Participants under this FSP are determined exclusively by these Rules.
- 14.5 Except as otherwise provided in the Rules, the Participant has no right to any compensation, damages or any other sum or benefit by reason of the fact that:
- 14.5.1 he ceased to be a Participant in the FSP; or
- 14.5.2 any of his rights or expectations under this FSP were reduced or lost.
- 14.6 Shares will only be issued or purchased once a Participant has been formally identified. 14.9(a)
- 14.7 SACREL and/or the Company will ensure compliance with paragraphs 3.63 – 3.74 (director dealings) of the JSE Listings Requirements in terms of share dealings by SACREL and/or the Company relating to the FSP. 14.9(d)
- 14.8 The issue of Shares to employees who do not fall under the Rules of this FSP will be treated as a specific issue for cash as contemplated in paragraph 5.51 of the JSE Listings Requirements.14.11

15 **DISCLOSURE IN ANNUAL FINANCIAL STATEMENTS**14.8

SACREL shall, to the extent required by the Act or the JSE Listings Requirements, disclose in its annual financial statements the number of Shares that may be utilised for purposes of the FSP at the beginning of the accounting period and changes in such number during the accounting period and the balance of Shares available for utilisation for purposes of the FSP at the end of the accounting period.

16 AMENDMENTS AND TERMINATION ^{14.2}

- 16.1 Subject to the provision of this Rule 16, the RemCom may at any time alter, vary or add to these terms and conditions as it thinks fit. Amendments to these terms and conditions may only affect Awards to Participants that have already been made if they are to the advantage of Participants, and subject to the JSE Listings Requirements.
- 16.2 Except as provided in Rule 16.3 the provisions relating to: ^{14.2}
- 16.2.1 the category of persons who are eligible for participation in the FSP as envisaged in Rule 2.1.16; ^{14.1(a)}
- 16.2.2 the number of Shares which may be utilised for the purpose of the FSP as envisaged in Rule 4.1; ^{14.1(b)}
- 16.2.3 the individual limitations on benefits or maximum entitlements envisaged in Rule 4.2; ^{14.1(c)}
- 16.2.4 the basis upon which Awards are made as stipulated in Rule 3.2. ^{14.1(f)}
- 16.2.5 the amount payable upon the award, Settlement or Vesting of an Award of Forfeitable Shares as stipulated in Rule 9.5; ^{14.1(d)(i)}
- 16.2.6 the voting, distribution, transfer and other rights attached to the Awards, including those arising on a liquidation of SACREL as stipulated in Rules 6 and 12.7; ^{14.1(e)}
- 16.2.7 the adjustment of Awards in the event of a variation of capital of SACREL or a Change of Control of SACREL as stipulated in Rules 11 and 12; ^{14.1(g);}
- 16.2.8 the procedure to be adopted in respect of the Vesting of Awards of Forfeitable Shares in the event of termination of employment as envisaged in Rule 10; and ^{14.1(h)}

- 16.2.9 the terms of this Rule 16.2, may not be amended without the prior approval of the JSE and by ordinary resolution of 75% (seventy five percentage) of shareholders of SACREL present or by proxy, in general meeting, excluding all the votes attached to Forfeitable Shares and all Shares owned and controlled by persons who are existing Participants of the FSP and which have been acquired under the FSP. ^{14.10}
- 16.3 Subject to Rule 16.2 the RemCom may make minor amendments for ease of the administration of the FSP, to comply with or take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable, taxation or regulatory treatment of any Employer Company or any present or future Participant, including the adoption of a Country Schedule for the benefit of Employees of the Group working outside South Africa.
- 16.4 The RemCom may terminate the FSP at any time, but Awards granted before such termination will continue to be valid and as described in the provisions of the FSP.

17 DOMICILIUM AND NOTICES

- 17.1 The parties choose *domicilium citandi et executandi* for all purposes arising from this FSP, including, without limitation, the giving of any notice, the payment of any sum, the delivery of Shares, the serving of any process, as follows:

- 17.1.1 SACREL, the Company, the company secretary and the RemCom: The address and telefax number of the registered office of ACREL and / or the Company from time to time;
 - 17.1.2 Employer Company: The address and telefax number of the Registered Office of the Employer Company from time to time;
 - 17.1.3 each Participant: The physical address, telefax number and electronic address from time to time reflected as being his address, telefax number and/or electronic address in the Employer Company's relevant system from time to time.
- 17.2 Any of the above persons shall be entitled from time to time, by written notice to the other, to vary its *domicilium* to any other physical address within the Republic of South Africa and/or its facsimile number and/or (in the case of a Participant) his electronic address; provided in the case of a Participant such variation is also made to his details on the Employer Company's payroll system.
- 17.3 Any notice given and any delivery or payment made by any of the above persons to any other which:
- 17.3.1 is delivered by hand during the normal business hours of the addressee at the addressee's *domicilium* for the time being, shall be rebuttably presumed to have been received by the addressee at the time of delivery;

- 17.3.2 is delivered by courier during the normal business hours of the addressee at the addressee's *domicilium* for the time being, shall be rebuttably presumed to have been received by the addressee on the 3rd (third day) after the date of the instruction to the courier to deliver to the addressee;
- 17.3.3 is posted by prepaid registered post from an address within the Republic of South Africa to the addressee at the addressee's *domicilium* for the time being, shall be rebuttably presumed to have been received by the addressee on the 7th (seventh) day after the date of posting.
- 17.4 Any notice given that is transmitted by electronic mail and/or facsimile to the addressee at the addressee's electronic address and/or facsimile address (as the case may be) for the time being, shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee on the date of successful transmission thereof.
- 17.5 Any notice or other document given to any Participant pursuant to the FSP may be delivered to him or sent by post to him at his home address according to the records of the Employer Company or such other address as may appear to the Directors to be appropriate. Notices or other documents sent by post will be deemed to have been given 7 (seven) days following the date of posting if sent by post.
- 17.6 Any notice or document given to the Employer Company pursuant to the FSP may be delivered to it or sent by post to its registered office marked for the attention of the company secretary of the Employer Company, or such other

address as may be specified by the Employer Company and the documents will not be deemed to have been received before actual receipt by the company secretary of the Employer Company.

18 DISPUTES

18.1 Any dispute arising under the FSP shall be decided by arbitration in the manner set out in Rule 18.

18.2 The arbitration shall be held subject to the provisions of this FSP:

18.2.1 at Cape Town;

18.2.2 informally;

18.2.3 otherwise in accordance with the provisions of the Arbitration Act, No. 42 of 1965, as amended,

it being the intention that, if possible it shall be held and concluded within 21 (twenty-one) Business Days, after it has been demanded.

18.3 The arbitrator shall be, if the question in issue is:

18.3.1 primarily an accounting matter, an independent chartered accountant with not less than 15 (fifteen) years' experience agreed upon between the parties. In the event that the parties cannot agree within 7 (seven) Business Days, a chartered accountant to be nominated by the Executive President for the time being of the South African Institute of Chartered Accountants;

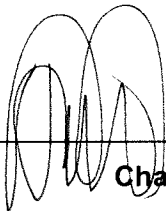
- 18.3.2 primarily a legal matter, an independent practising senior counsel or attorney with not less than 15 (fifteen) years standing agreed upon between the parties. In the event that the parties cannot agree within 7 (seven) Business Days, a practising attorney nominated by the President for time being of the Law Society of the Western Cape;
- 18.3.3 any other matter, an independent person agreed upon between the parties.
- 18.4 An aggrieved party may appeal against the arbitration award within 10 (ten) Business Days after receipt of the arbitration award by lodging a notice of appeal with the other party.
- 18.5 Where an appeal is made, 2 (two) practising senior counsel of at least 15 (fifteen) years standing shall be appointed as chairpersons of the appeal. If the parties are unable to agree on the chairpersons for the appeal the provisions of Rule 18.3 shall *mutatis mutandis* apply with the changes required by the context. The chairpersons shall meet the parties within 7 (seven) Business Days after their appointment to determine the procedure for the appeal.

19 GOVERNING LAW

South African law governs the FSP. SACREL, the Company and all Employer Companies and Participants submit to the jurisdiction of the South African courts as regards any matter arising under the FSP.

This FSP was duly adopted at a unitholders annual general meeting of SA Corporate Real Estate Fund held at South Wing, First Floor, Block A, the Forum, North Bank Lane, Century City, 7441 on 15 May 2014, the Rules of the FSP having been made available for inspection for at least 14 (fourteen) days prior to the general meeting at the Fund's registered office.14.7

The FSP was subsequently adopted by a special resolution of SACREL on 15 May 2015.



Chairman of the Board