ATTACQ REMUNERATION POLICY

1. Overview and reward philosophy

This remuneration policy ("the policy") is designed to drive the creation of long-term shareholder value, without encouraging Directors to take inappropriate risk.

Attacq aims to position guaranteed remuneration at the median of the market, with superior performance at stretch levels enabling management, including executives, to achieve remuneration levels in excess of median levels, where truly deserved.

The reward philosophy consists of a set of beliefs which underpin the remuneration strategy of Attacq Limited (“Attacq” or “the Company”) and its subsidiaries (collectively “the Group”). The structure of the remuneration philosophy is designed to reflect the strategic direction of the business and to align it with the Group's key performance indicators ("KPI's"). Attacq is committed to maintaining policies which are transparent and easy to understand. Remuneration as a management process is fully integrated into other human resource processes such as performance and talent management.

Attacq’s philosophy is to structure remuneration in a way that ensures a fair and equitable level of pay for all employees, and which is formulated in a manner which attracts, retains, motivates and rewards high-calibre employees. Through the various components of remuneration, high and sustainable levels of team and individual performance, which are aligned with the strategic direction and values of the Group, are encouraged.

2. Scope and application

The policy sets the broad Group remuneration philosophy and standards for all permanent employees which are aligned with the strategic direction and specific values of the Group.

3. The Remuneration and Nominations Committee (“Remco”) and its role

The policy is the responsibility of Remco, in terms of its Board-approved mandate, but the Board retains ultimate responsibility in relation thereto. Where necessary, the Board refers matters for shareholder approval; for example, new and amended share-based incentive schemes and non-executive board and committee fees.

The mandate of Remco is contained within its charter, which is reviewed annually, and approved by the Board of the Company.

Remco is responsible for implementing the Group’s remuneration policy ensuring:

- that salary structures (fixed and variable pay) motivate performance and are linked to performance objectives that support sustainable long-term growth
- that stakeholders are able to make an informed assessment of reward practices and governance processes
- to promote an ethical culture and responsible corporate citizenship
- compliance with all applicable laws and regulatory codes.

Deliberations of Remco in relation to remuneration are informed by performance reviews from Group, divisional and individual perspectives.

In support of Remco’s authority, the members of Remco have unrestricted access to all activities, records, property and employees of the Group.

4. Key principles of remuneration

The following key principles shape the policy and are representative of the Group’s remuneration approach. As such, the principles are vital for providing guidance for the basis upon which employees are rewarded:

- A critical success factor for the organisation is the ability to attract, motivate, reward and retain the talent required to achieve operational and strategic objectives and who believe in and live by the Company values and habits. Total reward, including fixed (guaranteed) and variable (both short and long-term incentives) pay are used to this end

- The guaranteed total package ("GTP") includes the basic salary and benefits that accrue monthly. The GTP is aligned with job requirements as well as the competence and experience of employees
- A Short-Term Incentive ("STI") scheme, which is based on specific deliverables, is viewed as a strong driver of performance. A portion of management's reward is variable and is determined by the achievement of the Group's financial performance as well as the individual's personal contribution to the growth and development of their immediate division and the wider Group
- A Long-Term Incentive ("LTI") plan aligns the objectives of employees and shareholders for a minimum three-year period
- Remuneration should align closely and transparently with the agreed business strategy and be reviewed regularly considering changes in the business strategy
- Remuneration should be transparent and understandable, both for stakeholders and for internal use and application
- Remuneration should be equitable, and balance 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)
- Remuneration should promote risk management and adequately balance risk and reward.

5. Remuneration of Non-Executive Directors ("NEDs")

The strategic purpose of NEDs remuneration is to attract and retain non-executives of suitable expertise to constructively challenge the executives in delivering the Groups strategy. NEDs' remuneration is a function of the number of meetings attended during a one-year cycle which commences on the beginning of the financial period. The fees are based on an assessment of the NEDs time as their responsibilities and risk as directors.

Attacq's policy is to pay competitively for the role, while recognising the required time commitment. For this reason, and to ensure fairness, fees are benchmarked against a suitable comparator group of JSE listed companies.

In line with the provisions of King IV, NEDs do not participate in any performance related remuneration and they do not receive any benefits, nor do they participate in any LTI plans except where NEDs previously held executive office and they remain entitled to unvested benefits arising from their period of employment. NEDs do not receive remuneration other than the fees but are entitled to be paid all reasonable travelling, hotel and other expenses properly incurred in attending meetings of the Board, committees of the Board, general meetings or otherwise in connection with the business of the Group.

Remco reviews NEDs' fees annually based on benchmarking provided by external service providers. These recommendations are made to the Board, which in turn proposes fees for approval by shareholders at the Annual General Meeting ("AGM").

6. Components of remuneration

Remuneration comprises of the following elements:

6.1 GTP

- The strategic purpose is to attract and motivate high-calibre employees in a competitive market and to recognise their skills, experience and contribution to Group performance
- The GTP of each employee is based on the role and responsibilities of the specific individual
- GTP is paid monthly on a cost to company basis
- The GTP represents payment for the satisfaction of each employee's day-to-day job requirements
- The Company does not rigidly adhere to market benchmarks, but does consider pay levels of companies in the real estate sector as well as other companies of comparable size and scope
- Employees have access to the following benefits: leave, paid maternity leave, subsidised lunches, pension, death cover, disability cover, funeral cover and education cover for dependants
- GTP's are normally reviewed annually with changes effective 1 October, however the Company is under no obligation to award an increase following the review
- Annual increases are determined based on several factors, including inflation, the financial performance of the Group, market movements and are expressed as a percentage increase to individual GTP

- Annual increases thus consider the following:
  - cost of living adjustments
  - market adjustment and/or parity increases which seek to address internal inequities, particularly in terms of pay scales
  - the degree to which the market-related pay levels have moved since the last date of previous review and other external considerations
  - affordability and business strategy considerations
  - the outcome of each employee's annual review.

6.2 STI scheme

Objective and practice		Award size and performance conditions
o The strategic purpose of the STI is to reward staff for the delivery on annual goals, to strive for superior performance and to achieve specific targets which support the business strategy, in particular for total property returns and recurring distributable earnings o Performance will be assessed in line with specific KPI's which relates to the achievement of key financial and/or non-financial measures including personal objectives o The bonus pool is reviewed each financial year to ensure performance measures and targets are appropriate to support the business strategy o Individual bonusses are payable annually in October following the financial performance of the Company and individual. o An individual's bonus amount exceeding six months' salary is deferred and will be paid in two equal tranches during March and June of the following year o These deferred amounts accumulate interest at prime less three percent o The deferred balances are forfeited if the employee leaves the Group o Commissions are payable as an incentive for leasing staff and are considered part of their STI		o The measurement period for assessing performance is normally a period of 12 months coinciding with the Group's financial year o Distribution of the bonus pool is based on the group's performance, employees' GTP and personal performance score (individual and divisional key performance areas) o The bonus pool should not exceed 50% of annual Group GTP

6.3 LTI scheme

The Attacq Limited Long-Term Incentive Plan ('the Plan") was approved at the AGM meeting held on 19 January 2015 and forms the long-term component of remuneration for Executive Directors, executive management, senior management and employees ("Participants") of the Group. The strategic purpose of the Plan is to reward execution of strategy and drive long-term returns for shareholders.

6.3.1 Purpose and types of instruments

The Plan strongly supports the growth objectives of the Group and assists in retaining and attracting top talent. The Plan further ensures that the interest of shareholders and management are aligned. The purpose of the Plan is to provide Participants with the opportunity of receiving shares in the Company ("Shares") through the award of conditional rights to shares ("Conditional Shares") and Share Appreciation Rights ("SARs"). Conditional Shares take the form of either Performance Shares, which require performance measured against specific performance metrics, or Retention Shares, which are aimed at addressing specific retention risks, and require the continued tenure of the Participant until the expiry of the predetermined vesting period.

The conditions applicable to the vesting of Performance Shares, Retention Shares and SARs are as follows:

- Performance Shares will vest if predetermined performance metrics ("Performance Condition(s)") and continued employment for a predetermined period of time ("Employment Condition") are met
- Retention Shares are awarded to address specific retention risks, or to specifically address sign-on requirements. The vesting of Retention Shares is subject to the fulfilment of the Employment Conditions by the Participant
- SARs are a right to the increase in the value of a certain number of shares between the award date and the exercise date. The vesting of SARs is subject to the Employment Conditions and predetermined Performance Condition(s).

Performance Shares, Retention Shares and SARs will vest after a minimum of three-year period in tranches of 60%/20%/20% in year 3/4 and 5 respectively. SARs vest after three years and expire two years thereafter. The participant can exercise these options between vesting date and expiration date. SAR's not exercised within a two-year period following the vesting date will lapse. Performance Shares and Retention Shares are option type instruments, and settlement can occur in cash or equity.

Awards in terms of the Plan are be made on an annual basis to ensure long-term shareholder value creation. Awards of Retention Shares are made on an ad hoc basis as determined necessary by Remco or the Executive Directors.

6.3.2 Participants

All employees are eligible to participate in the scheme as the organisation believes in an owner manager culture where all employees contribute to the success and growth of the Company.

6.3.3 Rights of Participants

Participants are not entitled to any shareholder rights before the vesting and/or exercise date and subsequent settlement of the shares.

More detail surrounding the LTI may be found in the Plan rules.

7. Appointment and terms of employment

All employees have either permanent or fixed term contracts with the Group. NED's do not have employment contracts with the Group.

7.1 Non-Executive Directors

NEDs are appointed by the shareholders at the AGM. Interim Board appointments are permitted between AGMs. Appointments are made in accordance with Remco's charter. Interim appointees retire at the next AGM, when they may make themselves available for re-election.

NEDs are required to retire on the third anniversary of their appointment and may offer themselves for re-election. As appropriate, the Board, through Remco, proposes their re-election to shareholders.

There is no limit on the number of times a NED may seek re-election. No contractual arrangements are entered to compensate for loss of office.

In accordance with King IV, NEDs who have served for nine years and longer will have their independence reviewed on an annual basis and will be up for re-election at every AGM.

7.2 Executive Directors

The minimum terms and conditions applied to South African Executive Directors are governed by legislation. Terms of service for Executive Directors outside South Africa are governed by labour legislation in their local jurisdiction and the terms of their employment contracts.

- The notice periods for the CEO is six months and three months for the COO and CFO respectively
- If an Executive Director is dismissed because of a disciplinary procedure, a shorter notice period could apply without entitlement for compensation for the shorter notice period
- Contracts do not commit the Company to pay on a termination arising from the Director's failure to fulfil his/her duties
- In exceptional situations of termination of Executive Directors services, contracts provide for the Remco, assisted by labour law legal advisers, to oversee the settlement of terms
- Under the rules of the Plan, Remco has discretion to declare a Director leaving the Company to be a "good leaver" as defined under the respective rules of the scheme.

8. Approval

In terms of the recommendations set out in the King IV report on governance, this remuneration policy is submitted annually to shareholders at the AGM for a non-binding advisory vote.