

## **ORION REAL ESTATE LIMITED (“ORION”)**

### **REMUNERATION POLICY AND IMPLEMENTATION REPORT**

#### **Remuneration Policy:**

The Group strives to remunerate its employees at market related salaries and the board will be guided by one or more appropriate annual salary surveys produced by Industry specialists.

The Group’s remuneration philosophy is to remunerate employees fairly and responsibly in a balanced approach, in order to attract, retain and motivate competent individuals who can contribute meaningfully to the sustainable growth of the company.

Positions/Jobs are evaluated using a mechanism designed and provided by an external expert, with this job grading exercise being undertaken every two to three years.

The board, in consultation with industry experts and management design all incentive schemes, (long and short term), to:

- Promote growth in quality sustainable earnings
- Align shareholder and management objectives
- Enhance the ability to recruit and retain key employees and management.

The structure and basis for Performance Based Incentives will be approved by the Board from time to time to be aligned with company strategy and current shareholder and management objectives.

Once an average CPI increase is agreed to by the board, the executive committee will determine individual application of increases, with variances being due to higher or lower performance ratings based on regular formal KPA reviews.

Employees whose performance is above expectation receive higher than CPI increases, those with below expectation performance receive increases below CPI with the overall increase of payroll costs to company not increasing by more than CPI each year.

Section 66(8) (read with section 66(9)) of the Companies Act provides that, to the extent permitted in the Company’s memorandum of incorporation, the Company may pay remuneration to its non-executive directors for their services as directors provided that such remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years.

The Company’s memorandum of incorporation does not limit, restrict or qualify the power of the Company to pay remuneration to its directors for their service as directors in accordance with section 66(9) of the Companies Act.

The Remuneration Policy was approved by 100% of the shareholders at the previous Annual General Meeting and there was no engagement with shareholders in terms of the remuneration policy.

### **Implementation Report:**

The members of the Remuneration Committee are:

- Dr. AC Gmeiner,
- Mr. F Gmeiner,
- Mr. TFJ Oosthuizen

The remuneration committee has considered the remuneration for non-executive directors and the board has accepted the recommendations of the remuneration committee.

The Remuneration Committee oversees the remuneration of the Executive Directors. Remuneration, in particular as it relates to executive management, is motivated by the dual criteria of delivering sustainable financial returns to shareholders and the recognition and reward for outstanding performance. Executive compensation is also linked to the achievement of the organisation's non-financial goals.

### **Remuneration Committee Directors' and Executive Management Performance Evaluation and Reward**

Details of the remuneration of each individual director are provided in the Annual Financial Statements.

Compliance with the 2018 remuneration policy:

The Remuneration Committee Directors' are satisfied that the Company substantially complied with the remuneration policy in 2018.

The average increase in salaries for all salaried employees in 2018 was 6%. The increment for executive directors and prescribed officers is in line with market practice and current Company affordability.

No short term or long term incentives were awarded for the year ended 30 June 2018.

Executive directors' remuneration for the year ended 31 June 2018 is included in the Group Integrated Annual Report per note 32.

<b>Directors Remuneration</b>			
Non-executive	203,131	87,080	130,310
Executive	4,135,788	3,789,140	3,618,189
<b>Total</b>	<b>4,338,919</b>	<b>3,876,220</b>	<b>3,748,499</b>

The directors' short-term remuneration for the year ended 30 June 2018 was as follows:

	Salary	Bonus	Fees	Fringe benefits	Total
<b>Non-executive (Group)</b>					
Mr R Wilkinson	-	-	94,711	-	94,711
Dr A C Gmeiner	-	-	33,540	-	33,540
Mr DK Mthembu	-	-	33,540	-	33,540
Mr TFJ Oosthuizen	-	-	41,340	-	41,340
	-	-	<b>203,131</b>	-	<b>203,131</b>
<b>Executive (Group)</b>					
Mr F Gmeiner	2,804,411	43,000	-	548,675	3,396,086
Mr D Dabideen	719,022	10,000	-	739,702	
	<b>3,523,433</b>	<b>53,000</b>	-	<b>559,355</b>	<b>4,135,788</b>

The directors' short-term remuneration for the year ended 30 June 2017 was as follows:

	Salary	Bonus	Fees	Fringe benefits	Total
<b>Non-executive (Group)</b>					
Mr R Wilkinson	-	-	32,480	-	32,480
Dr A C Gmeiner	-	-	15,600	-	15,600
Mr DK Mthembu	-	-	15,600	-	15,600
Mr TFJ Oosthuizen	-	-	23,400	-	23,400
	-	-	<b>87,080</b>	-	<b>87,080</b>
<b>Executive (Group)</b>					
Mr F Gmeiner	2,841,771	43,000	-	233,923	3,118,694
Mr D Dabideen	57,609	-	-	1,615	59,224
Mr JFK Connaway	587,823	-	23,400	-	611,223
	<b>3,487,202</b>	<b>43,000</b>	<b>23,400</b>	<b>235,538</b>	<b>3,789,140</b>

After review by the Board, the remuneration rates for non-executive directors, were approved by shareholders, at each Annual General Meeting of the financial year, following the year under review. Rates for the 2018/19 financial year are set out in the Notice of Annual General Meeting.

Non-executive directors receive fees for services on board and board committees. Non-executive directors do not receive short-term incentives and do not participate in any long-term incentive scheme. Increases are presented to the shareholders at the company's Annual General Meeting and reflect the market dynamics and the increasingly heavy demands being made on the individuals.