

Remuneration Policy (Short and Long Term Incentives) – Tower Property Fund Limited

The remuneration committee of Tower Property Fund Limited (“Tower or the Company”), in recognizing the need to properly incentivize key staff, has adopted a short and long term incentive scheme.

The incentives intend to reward above average performance through a combination of cash and share incentives. The incentives are based on objectively determined best market practice through a report compiled by PriceWaterhouse Coopers on behalf of the Company (Total Guaranteed Pay benchmarking Tower Property Fund Limited September 2016).

The remuneration committee may change the policy from time to time in consultation with Tower’s executive management and its major shareholders. The long term share incentive scheme will be governed by the rules of the scheme, drafted by the Company’s legal representatives, Cliffe Dekker Hofmeyr Inc.

Short Term Incentives

Short term incentives are rewards for the attainment of short term goals and targets (on an annual basis) and reward individual performance of key staff. Short term Incentives are recommended by the Chief Executive Officer and approved by the Remuneration Committee. The Chief Executive Officer’s Short Term Incentive is to be evaluated and approved by the Remuneration Committee.

Short Term Incentives will be paid in cash.

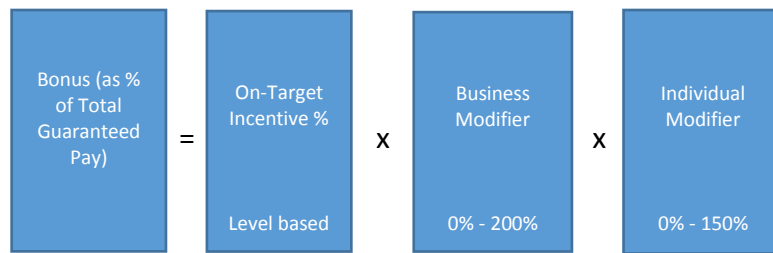
The Paterson Scale will be used to determine maximum annual cash incentives. A multiplicative approach will be used.

PATERSON SCALE

Paterson Level	Decision level	STI On target	LTI On target % expected value %
CEO	Top Management, Board Level, Policy Making Decisions	60	85
CFO		50	80
Executive Directors and Other F		40	65
E upper	Senior Management, Heads of Major Functions, Programming Decisions	30	45
E lower		25	30
D upper	Professionally Qualified and Experienced Specialists, Middle Management, Interpretive Decisions	15	20
D lower		10	-
General staff (A,B,C)	Skilled, Technical and Academically Qualified Employees, Junior Management, Supervisors, Foremen, Superintendents, Routine or Process Decisions/ Automatic Decisions/ Defined Decisions	8	-

The formula which will be used for this purpose is as follows;

- On Target Incentive % = The Paterson level of the employees position
- Business Modifier = Achievement of KPI`s



Business Modifier KPI's (CEO and CFO) – the below weighting will not be considered if guidance is below that of the SAPY index

	Weight
Achievement of Annual Distribution Guidance	40%
Achievement of Annual Net Asset Value Increase as per guidance	40%
Loan to Value and hedging	20%

Business Modifier KPI's (Asset Managers)

	Weight
Achievement of Annual Distribution Guidance	30%
Achievement of Annual Net Asset Value Increase as per guidance	30%
Vacancies, Debtors and Ops Costs below IPD	40%

Business Modifier Levels

Business Modifier Levels		Weight
Threshold Performance	failure to achieve business modifier targets	0%
Target	achievement of mid-range of guidance	100%
Stretch	achievement of upper end of guidance	150%
Super Stretch	exceeding upper end of guidance	200%

Linear apportionment for performance within the levels above.

Individual Modifier

Personal Performance levels	Rating	Individual Modifier
Unacceptable personal Performance	1	0%
Below expectations	2	0%
Meets Expectations	3	100%
Above expectations	4	125%
Exceptional performance	5	150%

For the Chief Executive Officer, performance indicators for the individual modifier will be;

- Conducting himself in a matter befitting the organization
- Appropriate implementation of group strategy
- Effective management of staff
- Effective communication with shareholders
- Effective communication with the board

For the Chief Financial Officer, performance indicators for the individual modifier will be;

- Management of staff
- Achievement of company debt targets (loan to value and hedging)
- Preparation of comprehensive annual budgets
- Management of Annual budgeting Process
- Management and implementation of adequate financial controls
- Administration Cost Management
- Timeous announcement of results

For the Asset Managers, performance indicators for the individual will be;

- Proactive Management of property costs
- Early recognition and action of problems
- Effective management of property managers
- Property Net Income Achievement per portfolio
- Preparation of comprehensive annual property budgets

Long Term Incentive Scheme

Long term incentives are based on the achievement of market related annual targets and aim to align management and shareholders. **The long term incentive scheme will not be voted upon at the Annual General Meeting to be held on 17 October 2017 as it requires further shareholder interaction. It is therefore not covered in this policy and will be added as a later addendum once approved.**