

grit

REMUNERATION POLICY

Revision History		
Revision reference	Date	Description of changes
V03	01 May 2020	<ul style="list-style-type: none">• Removal of medical benefit for dependents• Removal of reference to Mobility Policy
V04	01 April 2021	<ul style="list-style-type: none">• New LTI scheme is introduced and will replace the previous one
V05	20 June 2022	<ul style="list-style-type: none">• Add EGM date for the approval of the new LTI
V06	November 2022	<ul style="list-style-type: none">• No changes

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1 PURPOSE AND INTRODUCTION

The objective of the remuneration policy is to create a framework for managing and controlling remuneration, ensuring that the Group can effectively attract, retain, and motivate the talent required to achieve desired business results.

The detailed policy sets out Grit’s approach to remunerating all employees, across all elements of remuneration, including fixed and variable pay as detailed below. The remuneration policy, and its application, is reviewed on an ongoing basis to ensure that the pay outcomes are competitive and in accordance with regulatory requirements and to ensure alignment with the Company’s strategic aims, vision, attitude to risk and culture, aligned to the LSE peer groups. Ongoing and transparent dialogue with shareholders is important to inform the Committee’s thinking on remuneration matters.

A copy of the complete Remuneration Policy can be found on the company’s website at <https://grit.group/governance>.

2 SCOPE OF POLICY

This policy is applicable to permanent full-time employees of Grit Real Estate Income Group.

3 SUPPORTING DOCUMENTATION

The following policies should be read in conjunction with this policy:

- The STI plan
- Remuneration practice guidelines
- The Employment Contract
- Outstanding Contribution Award Policy
- Long Term Incentive Plan

4 REMUNERATION PHILOSOPHY

Grit Group’s remuneration strategy adopts a performance-based remuneration philosophy that promotes the Group’s entrepreneurial culture and recognises that remuneration plays a key role in:

- Facilitating the attraction and retention of staff;
- Reinforcing the alignment of individual staff objectives with Grit Group’s business objectives;
- Motivating individual and corporate performance;
- Equal remuneration for work of equal value; and
- Establishing internal equity, ensuring executives are remunerated correctly in relation to each other, in recognition of their individual contributions and accountabilities.



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Grit's remuneration philosophy is to structure remuneration packages in such a way, that long and short-term incentives are aimed at achieving both the business objectives and delivering shareholder value.

The following guiding principles underpin the performance-based remuneration philosophy which applies to all staff:

Total remuneration: Grit Group adopts both guaranteed and variable pay to reward its staff. The variable pay currently comprises of a short-term incentive (STI) plan, a long-term incentive (LTI) plan and a Discretionary Bonus based on Outstanding Contributions to the business. The total remuneration will comprise an appropriate balance of these reward elements. In the context of a relatively newly established company embarking on a high growth phase, the mix of these elements will initially be weighted more heavily towards variable pay.

Market competitive: The Company's defined market position for Total Guaranteed Pay is at the 50th percentile or median, with a bell-shaped curve around the median, ranging from new entrants at the lower end to sustained high performers at the higher end of the pay-scale.

External benchmarking against the peer group is conducted every 2 years and Grit Group endeavours to pay at or around the industry specific median for on-target performance. The opportunity to earn remuneration at an outperformance level supports delivering higher reward to individuals only when the company achieves higher than target (expected) returns. The primary peer group for purposes of benchmarking pay will comprise of other similar sized property funds multi-listed on the London, Mauritius & Johannesburg Stock Exchanges, also considering specific countries where sample are based. Benchmarking is used only as a guide to determining market competitiveness of remuneration levels.

Performance linked: Grit Group's performance-based pay philosophy is designed to ensure that the executives have an element of their total remuneration tied to Grit Group's performance through variable pay. Variable remuneration will therefore be linked to pre-defined performance measures. Each year the committee will consider the performance measures to ensure that they are appropriate and challenging in the context of the prevailing business environment and reinforce the business strategy. The performance measures in the incentive plans will be limited in number and individual measures will be tailored to maximise accountability and will include non-financial measures.

Grit Group embraces defensible differentiation in pay whereby a greater proportion of reward is distributed to the highest performers.

Flexibility: As Grit requires specialist skills which are key to the success of the business, Senior Management (SMT) identifies critical skills and competencies required to support the business growth. The adopted remuneration structures must be able to adapt and evolve with changing business and human resource needs.

Affordability: Total remuneration costs need to be affordable at an individual corporate entity level and justifiable to employees and stakeholders.

Simplicity and transparency: The reward philosophy, principles and structures are to be openly communicated, to internal and external stakeholders, with the annual reward opportunity and alignment to individual performance being communicated to the individual. Remuneration structures must not be overly complex to communicate,



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administer and understand. Open communication assists in the engagement of employees by supporting an environment of trust and stakeholder confidence regarding remuneration issues.

Sustainability: The remuneration policy and practices are designed to support long term value creation for all stakeholders as well as compliance with regulatory changes.

5 REMUNERATION STRUCTURE

The following table sets out the detail of the elements of Grit Group’s remuneration structure:

NO.	REMUNERATION ELEMENT	
1.	Guaranteed Package (Excluding Expatriate Allowances)	
	Definition	Grit Group applies the remuneration approach, also referred to as ‘guaranteed package’. This is the non-variable element of total remuneration. The value of the guaranteed package reflects the individual’s competencies and skills and is reviewed annually in June effective from July each year.
	Policy	Increases are discretionary and are determined with reference to projected consumer price inflation, affordability within the legal entity, skills scarcity, internal value (position in the job hierarchy), individual performance and external value (relative positioning to the market). External benchmarking is conducted every 2 years and Grit Group endeavours to pay at or around the industry specific median for on-target performance. Benchmarking will be conducted using local/country executive remuneration surveys as well as peer group companies.
	Strategic Intent and eligibility	To attract, retain and motivate employees to achieve operational and strategic objectives. To reward all permanent employees for completion of their base role requirements and competencies.
	Performance Link	Individual performance and competence.

2.	Benefits	
	Definition	Medical Insurance benefit provided to all employees relevant to the jurisdiction. Benefits are benchmarked against market practices from time to time to ensure they remain competitive.
	Policy	Participation in medical insurance schemes is relevant to the jurisdiction. Medical Insurance is compulsory unless the employee provides proof that he or she is a dependant of an alternative registered scheme. Contributions shall be in accordance with the plan selected in terms of job level, the cost of which shall be paid by the company and calculated as part of the Total Guaranteed Salary. However, the cost of the medical insurance is excluded from guaranteed salary in terms of calculating STI & LTI payments.



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Strategic Intent and Eligibility	To enhance the employee value proposition available to employees relevant to the different jurisdictions
Performance Link	None

Definition	Group Life and Disability
Policy	<p>Risk benefits of</p> <ul style="list-style-type: none"> • 3x annual guaranteed salary (excluding medical insurance) Group Life Cover, • Disability Cover which is split into two categories - TTD –Total Temporary Disability of up to 75% of guaranteed salary (for the first 12 months) and PHI – Permanent Health Insurance of up to 75% of guaranteed salary (after 12 months of TTD cover up until retirement age of 65) is provided to all employees. <p>Normal retirement age for the executive is 65 years.</p>
Strategic Intent and Eligibility	To enhance employee value proposition available to all employees in all jurisdictions
Performance Link	None

3.	Short-term Incentives – Discretionary Bonus	
Definition – STI Plan	<p>A short-term incentive to reward executives, senior management and key talent who achieve and exceed their individual and company annual performance targets.</p> <p>Participating Employees only become eligible to benefit from the STI scheme after successful completion of the 6-month probation period.</p>	
Policy	<p>Performance is assessed against specific annual performance criteria (Key Results Areas – KRAs), both at a corporate level and an individual level.</p> <p>To receive payment the recipient must be in the employ of the company at the time of payment and must not be under notice of termination or poor performance.</p> <p>STI awards will be paid annually between October and November once the financial figures have been finalised and audited. Awards are at the sole discretion of the committee.</p> <p>Joiners starting on or after 1st July will participate in the plan on a pro rata basis following the successful completion of the 6-month probation period.</p> <p>Details of the STI are set out in a separate document.</p>	
Strategic Intent and Eligibility	<p>To encourage superior performance by rewarding key/strategic employees against the achievement of their KRAs.</p> <p>To attract, motivate and retain strategic employees who are accountable for, and contribute to, the achievement of key short-term business performance measures.</p>	
Performance Link	<p>The STI plan is a key driver of the company’s strategy. This is demonstrated through the careful selection of performance criteria (Key Results Areas - KRAs) that are aligned to the company’s strategy.</p> <p>The performance metrics are consistent with long-term value creation.</p>	



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3. Short-term Incentives – Discretionary Bonus		
Definition – Discretionary Bonus	An opportunity to formally recognize employees at any level who have made an exceptional contribution to the business, on a once-off or short-term basis, which is over and above the employee’s normal job requirements and is worthy of recognition.	
Policy	<p>OUTSTANDING CONTRIBUTION AWARD POLICY –</p> <p>To provide employees with a tangible reward to an outstanding contribution of a short-term nature.</p> <p>To motivate employees to achieve excellence in their day-to-day business as they work towards achieving the Company objectives.</p> <p>To reinforce the values of the Company by acknowledging outstanding achievements which embody the Grit values.</p> <p>Details of the Outstanding Contribution Award Policy are set out in another document.</p>	
Strategic Intent and Eligibility	To encourage a culture of going above and beyond the requirements of the job and recognising outstanding performance and contribution to the business at all levels in the Company.	
Performance Link	Extraordinary performance over and above achievement of KRAs	

4. Long-term Incentive Plan		
Definition	<p>With effect from the date of the Company's General Meeting held on 17 June 2021, new long-term incentive awards shall be made to eligible employees under the GRIT Real Estate Income Group 2021 Long-term Incentive Scheme (the "Scheme" or "LTIS").</p> <p>Outstanding awards made before the General Meeting under the Company's long-term incentive plan (as approved by Shareholders in 2017) (the "legacy LTIP") will continue to subsist and be capable of vesting on their original terms, save that the performance conditions applying to such awards shall not be capable of being retested to the extent that they are not satisfied over the original performance period.</p> <p>The purpose of the long-term incentive (LTI) is to create a strong link between long-term performance and reward by providing a variable/at risk element of Senior Executive remuneration that focuses on the successful delivery of the Company's strategy through the achievement of stretching and demanding forward looking performance and service conditions over a combined vesting and holding period of generally five years. It aims to align the interests of Senior Executives with those of shareholders and to aid in maintaining a stable Senior Executive team.</p>	

Policy	<p>LTI awards, and Company policy in relation to those awards, is reflected in and subject to the Rules of the Scheme and the terms and conditions of the LTI award documentation.</p> <p>Details of the Scheme are set out in a separate document and is supported by:</p> <ul style="list-style-type: none"> LTI Scheme Rules (as approved by Shareholders at the Company's General Meeting held in May 2021) 	
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		<ul style="list-style-type: none"> • LTI award documentation (including performance conditions and participant acceptance forms)
	Strategic Intent and Eligibility	<p>It is expected that awards will be granted on an annual basis to help attract, retain and incentivise key employees and consultants.</p> <p>All employees within the Company's group (and a small number of consultants) shall be eligible to be considered for an award at the discretion of the Remuneration Committee; however, participation will normally be focused on those individuals who can and are expected to have the greatest positive impact on the delivery of long-term performance and value creation.</p> <p>Align reward programmes with shareholder expectations and interests and provide a clear line of sight to participants under which reward is linked to the achievement of stretching and demanding performance conditions over a three-year performance period.</p> <p>Link rewards to organisational success over a multi-year period, normally comprising a minimum three-year vesting period and two-year post-vesting holding period to at least 50% of the number of shares that vest (less shares sold to pay any tax liability).</p> <p>Encourage share ownership and the holding and retention of shares.</p> <p>Provide wealth accumulation opportunities.</p> <p>Deliver market competitive total compensation.</p>
	Performance Link	<p>The LTIS is a key driver of the company's strategy. This is demonstrated through the careful selection of performance criteria (Key Results Areas - KRAs) that are aligned to the company's long-term strategy, purpose and values.</p> <p>Performance conditions shall be measured over a fixed three-year period with no retesting. Performance conditions may only be measured early where an award is capable of vesting early on the termination of employment (for a 'good leaver' reason) or as a result of a takeover or change of control.</p> <p>Performance conditions will be determined and set by the Board on or prior to the grant of an award and shall be based on the achievement of stretching and demanding performance conditions and targets linked to the achievement of separate long-term financial and non-financial targets.</p> <p>The performance metrics are consistent with long-term value creation and delivery of the Company's strategy, purpose and values.</p>

6 GUARANTEED PACKAGE

Annual adjustments to Guaranteed Package are discretionary and are determined with reference to a projected consumer price inflation, affordability within the legal entity, skills scarcity, compo-ratio, internal value (position in



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the job hierarchy), individual performance and external value (relative positioning in the market). Appraisal of performance remains a major factor in the determination of an individual's guaranteed package.

Special adjustments at an Executive Level, which may become necessary in the course of a year, which cannot wait until next annual review of salaries must be pre-approved by the Remuneration committee, CEO and CFO, as appropriate. Special Adjustments to Senior Management and Staff must be pre-approved by the Executives.

Adjustments may be made upon promotion to a higher level, with Executive promotions being subject to the approval of the Remuneration committee, CEO and CFO, as appropriate and, promotions at a staff level, being subject to the approval of the Executives.

7 JOB EVALUATION

Positions will be evaluated from time to time using the Willis Towers Watson Global Grading methodology or equivalent job grading system to:

- Establish and maintain a defensible rank ordering of jobs;
- Ensure consistent and fair remuneration so that 'equal pay for work of equal value' is achieved;
- Assist in the determination of market-related total remuneration per job family; and
- Benchmark against an identified in-country peer-group.

8 ROLES AND RESPONSIBILITIES

8.1 Remuneration Committee

- To review and approve the Remuneration Policy for submission to the Board for ratification.
- To review and approve close out report on implementation of annual increases and STI/LTI awards.
- To review and approve the appointment of individuals at the Executive level prior to an offer being made to the individual.
- To review and approve any payments on termination of employment or office.
- To review and approve any payments in respect of Sign-on bonuses that may be payable to attract key staff.

8.2 Human Resources

- To implement and administer this policy.
- To facilitate and advise on remuneration matters.
- To obtain remuneration benchmark data from the identified in-country peer group comparators.

