CORPORATE GOVERNANCE

The board of directors' (the "board") primary governance role and responsibilities are the following –

- to steer and set strategic direction
- to approve policy and planning
- to oversee and monitor
- to ensure accountability .

The board recognises that good governance achieves the following governance outcomes and benefits for the Tradehold Limited group of companies (the "group") –

- ethical culture
- good performance
- effective Control
- legitimacy .

The principles set out below, as defined in King IV, embody the aspirations of good corporate governance, and guide the board on what it strives to achieve in its application of governance practices.

Alongside each principle, the board sets out the practices it has implemented to support and give effect to each Principle, in order to achieve its desired governance outcomes and benefits.

Principal ref#	Principle	Practices
1	The board should lead ethically and effectively.	The board leads by a culture of integrity, transparency, accountability, fairness and honesty. The board ensures effective leadership through its management structure – refer the practice alongside principals 7 to 10 below.
2	The board should govern the ethics of the group in a way that supports the establishment of an ethical culture.	The board at all times endeavours to maintain the highest standard of integrity in dealing with its clients, staff, the authorities, shareholders, suppliers and the investor community and, in doing so, to ensure the largest measure of credibility, trust and stability.
3	The board should ensure that the group is and is seen to be a responsible corporate citizen.	To this end, the board has established a social and ethics committee, which is a sub-committee of the board comprising two independent non-executive directors and the finance director. The social and ethics committee functions in accordance with a formal mandate adopted by the board. The social and ethics committee meets at least twice per annum and its mandate is to monitor the group's social, economic and environmental impact, and ethics. The main task of the social and ethics committee is to monitor any issues concerning the social and ethical behaviour of the company as required in section 72(4) of the Companies Act no. 71 of 2008 read with Regulation 43 of the Companies Regulations, 2011. The board has endorsed the code of ethics adopted by management and monitors compliance through the social and ethics committee. Structures and procedures are in place for the reporting of unethical behaviour. The chief executive of each component is responsible for ethical behaviour within his organisation, and provides reports to the social and

		ethics committee on the policies and procedures in place to monitor integrity and ethics. The social and ethics committee reviews the reports presented to it on the code of conduct and policies for anti-fraud, anti-bribery and corruption, anti-money laundering, gifts and conflicts of interest by executive management, and through discussions held with executive management, and reports on its findings to the board. The board is satisfied that the group has adequate procedures in place to detect unethical behaviour. The board is of the opinion that a high level of standards was being maintained by the group and it is not aware of any instances of unethical behaviour during the past financial year.
4	The board should appreciate that the group's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The board takes overall responsibility for managing the group. The board is responsible for the long-term success of the group, develops strategy, determines the nature and extent of significant risks, and approves major transactions. The board recognises that its performance, and that of its members is directly correlated to the success of the group.
5	The board should ensure that reports issued by the group enable stakeholders to make informed assessments of the group's performance and its short, medium and long-term prospects.	The board ensures this through its audit committee. One of the main task of the audit committee is to • monitor the integrity of the financial statements and formal announcements relating to financial performance • make recommendations to the board on the adoption of the financial results The board has established the following management reporting requirements to ensure the integrity of the group's financial information: • an annual budgeting process, integrating both financial budgets and cash flow forecasts, together with the identification of financial and operational risks inherent in each area of operation, which are subject to board approval; • monthly preparation of individual component and consolidated management accounts, and comparison of actual results with budgets and forecasts, together with the preparation of revised forecasts whenever deemed necessary, for review and consideration by the board; • confirmation to the board of any changes in business, operational and financial risk in each area of the business; • clearly defined authorisation procedures for capital expenditure and major transactions established by the board, and • limited authority levels designated to subsidiary board directors and senior management.

6	The board should serve as the focal point and custodian of corporate governance in the group.	The board at all times endeavours to maintain the highest standard of corporate governance of the group. To this end, the board has established the audit committee, which is a sub-committee of the board comprising three independent non-executive directors. The audit committee meets at least twice per annum and it has adopted a formal terms of reference, delegated to it by the board. The audit committee has established a group corporate governance framework, and reviews the system of internal controls and risk management in practice in the group to ensure compliance with the framework. The board is satisfied that the executive directors' intimate involvement in the operations of the group, as well as the robust management structure of its United Kingdom and South African operations is sufficient to provide it with appropriate and relevant information on risk management activities performed, risks identified and action plans in place to mitigate material risks as well as on internal control measures in place. The United Kingdom and South Africa business components are each headed by an experienced qualified chief executive, assisted by an experienced and qualified finance director. These executives are responsible for the implementation of internal control, risk management and financial reporting policies, procedures and monitoring in accordance with the group corporate governance framework. Detailed reports on risk management and internal controls are submitted to the audit committee, and key considerations are elevated to the board as and when appropriate.
7	The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The board comprises the following nine members: Non-executive chairman - leads the board and ensures it operates effectively, and maintains a culture of openness and debate and effective communication with stakeholders. Three independent non-executive directors – provide an independent, external perspective, work with and challenge the executive directors, contribute with a broad range of experience and expertise. One non-executive director – works with and challenges the executive directors, contributes with property sector management experience and expertise. Four executive directors - responsible for the day-to-day management of the group and implementation of strategy. Two of the executive directors jointly act as chief executive officer with overall responsibility, and specific areas are delegated to the remaining executives (finance and operations). The composition of the board is reviewed on a regular and ongoing basis.
8	The board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	
9	The board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	
10	The board should ensure that the appointment of, and delegation to, management	

	contribute to role clarity and the effective exercise of authority and responsibilities.	The process for appointing new directors is performed by the board as a whole and new directors are obliged to retire and offer themselves for re-election at the first annual general meeting following their appointment. All directors are subject to the retirement and re-election provisions of the memorandum of incorporation, which require one-third of the non-executive directors to retire and, if they so wish, offer themselves for re-election at each annual general meeting. Due to the nature of the business, induction as well as ongoing training and development programmes are not driven through formal processes. The board meets at least twice a year and more often when required. The directors ensure that they allocate sufficient time to discharge their duties effectively. It is the board's view that its performance and that of its members are directly correlated to the success of the group. The performance evaluation of the board, its committees and all directors are reflected upon during the annual review of the group's performance. The board has established the following board committees, which report on their activities to the board: • audit committee • remuneration committee • social & ethics committee. The board has established the following management committee, which reports on its activities to the board: • investment committee.
11	The board should govern risk in a way that supports the group in setting and achieving strategic objectives.	The board reviews the effectiveness of internal controls through its audit committee, which reports to the board. The board discharges its statutory duties and oversight role as follows • it has and continues to maintain an approvals framework that allows it appropriate insight into and influence over significant business transactions within the group; • the current compliance strategy followed is appropriate for the structure of the group and the board is not aware of any instances of non-compliance to applicable laws and regulations:; and • the IT infrastructure and strategy is appropriate for the structure of the group. The board is satisfied that the company secretary has the correct qualifications and experience, and is competent for this role. The board can also confirm the relationship between the company secretary and the board is at arms-length.

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<tr><td>12</td><td>The board should govern technology and information in a way that supports the group in setting and achieving its strategic objectives.</td><td>The board ensures this through its audit committee, which monitors the IT governance implemented by the operational management of each business.</td></tr>
<tr><td>13</td><td>The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the group being ethical and a good corporate citizen.</td><td>The board ensures this through its audit committee, which monitors regulatory compliance by the operational management of each business.</td></tr>
<tr><td>14</td><td>The board should ensure that the group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</td><td>The remuneration committee is a sub-committee of the board and consists of three non-executive directors. Its main functions are:
- setting the remuneration policy for executive directors;
- to determine the total individual remuneration package of the executive directors;
- to monitor performance against conditions attached to annual and long-term incentive awards to executive directors;
- approving the selection, appointment and terms of reference of any independent remuneration consultants; and
- recommendations to the board regarding the fees to be paid to non-executive directors and the chairman.

Certain executive members of management attended the remuneration committee meeting by invitation.

The remuneration policy is to compensate employees on a basis comparable with similar organisations, taking into consideration performance as an important factor in determining the remuneration of executive directors.

The performance measures that determine the levels of variable pay for executive directors are fully aligned with the group’s business strategy and the long term interests of shareholders and other stakeholders. These measures are linked to consistent growth in shareholder value. This means that in any year that the group delivers weaker growth, variable pay is lower, and if it delivers stronger performance, variable pay is higher.

Non-executive directors’ fees are based on their relative contributions to the activities of the board.</td></tr>
<tr><td>15</td><td>The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the group’s external reports.</td><td>The board has ensured this through the establishment of the audit committee, which reviews the relationship and deliverables of the external audit functions as follows, and reports its findings to the board:

• review of the audit plan

• review the report issued on findings from the year end audit and obtain an understanding of the key audit matters

• approve the audit fees</td></tr>
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		• approve the non-audit services • hold meetings with the external auditor without management present • review the independence of the external auditor The board is of the opinion that the nature of the business does not warrant an internal audit function.
16	In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the group over time.	The board encourages regular and meaningful management engagement with important stakeholders through its management communication and reporting structures.
17	The board should ensure that responsible investment is practiced by the group to promote good governance and the creation of value by the companies in which it invests.	The board has established the investment committee as a management committee of the board, which functions in accordance with specified terms of reference and delegated authority limits approved by the board, and reports on its activities to the board. The investment Committee comprises the lead independent director as its chairman, the specialised property non-executive director and the four executive directors.