

SIRIUS REAL ESTATE LIMITED

Our Ref: IAPR 2020

Date: 29 January 2021

The Investment Association
Camomile Court
23 Camomile Street
London EC3A 7LL

Dear Sirs

Sirius Real Estate Limited (“Sirius” or the “Company”)

The Company is providing its update in accordance with Provision 4 of Section 1 of the July 2018 UK Corporate Governance Code.

In its 2020 AGM results announcement on 3 August 2020, the Company reported that all resolutions were passed, although there was a significant minority vote against the following resolutions:

- **Resolution 6**, which related to the re-election of Daniel Kitchen, the Chairman of the Company, as a Director. The total votes received in favour of this resolution were 77.65%.
- **Resolution 12**, which related to the non-binding vote on the Company’s Remuneration Policy. The total votes received in favour of this resolution were 74.03%.

The Company has identified as far as possible those shareholders who did not support these two resolutions and engaged with them in relation to their views expressed. It has also reviewed the reports of several proxy agencies in relation to their voting recommendations in respect of the AGM.

Set out below are what we believe to be the primary reasons behind the dissenting votes which were identified by the Board and the Board’s responses to them.

Resolution 6

The votes against Resolution 6 centred on Mr Kitchen’s additional board roles, in particular the number of chairmanships of the other listed companies he holds.

Mr Kitchen stepped down as Non-Executive Chairman of Workspace Group PLC at the conclusion of Workspace’s 2020 Annual General Meeting and has subsequently stepped down as a Director of the

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Registered number: 46442

Irish Takeover Panel. A recommended cash offer announced on 22 December 2020 has been made to the shareholders of Applegreen PLC, of which Mr Kitchen is chairman. It is expected that if the offer proceeds as it is expected to do by March 2021, this will result in Mr Kitchen ceasing to hold this position.

The Directors of Sirius believe that Mr Kitchen is a valuable and experienced non-Executive Chairman. While recognising that the number of Mr Kitchen's current commitments exceed some investor guidelines, taking into consideration the relatively non-complex nature of the other two companies of which he is chairman and in particular his effective stewardship of the Company throughout the Covid-19 pandemic, the Board is satisfied that he is able to devote sufficient time to his role with Sirius in order to discharge his responsibilities effectively.

Resolution 12

Resolution 12 was proposed in 2020 as in 2019 as an advisory vote in accordance with the rules of the Johannesburg Stock Exchange and is not a requirement under the rules of the London Stock Exchange. The votes against Resolution 12 related to a number of aspects of Remuneration Policy, specifically the use of a common base year under the 2018 LTIP, the maximum cap on the LTIP awards, the requirement to reduce pensions to be in line with the workforce, the length of the post cessation shareholding requirement and the provisions relating to payment of bonuses on termination.

The Remuneration Committee has commenced the process to review its current Remuneration Policy with a view to a binding vote being proposed to shareholders at the AGM to be held on 30 July 2021. In respect of the issues highlighted above:

- The 2018 LTIP is a three-year plan that was approved by shareholders in December 2018 and the final tranche of awards was granted in June 2020. This tranche was at a lower quantum than in previous years. This reflects the transitional nature of the 2018 LTIP from the previous plan, as the Company explained when the policy was first approved by shareholders. It is the Committee's view that this current scheme remained effective for this transitional period and has contributed to the very positive performance of the Company in the past three years. As part of its policy review the Committee will be proposing a new LTIP to shareholders in respect of awards to be made for the financial year ending 31 March 2022. The proposal will include removing the common base year and lowering the cap on awards.
- The Board has already taken the first steps in 2020 for alignment of pensions for existing directors by freezing the Company's contributions to the Executive Directors' pensions for the year ended 31 March 2021 and adopted pension alignment policy for all new directors. The Board will seek completion of this pension alignment, for existing executive directors within the new policy.

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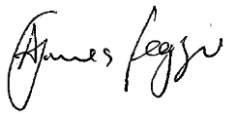
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The Board is reviewing its post cessation shareholding policy and the provisions relating to payment of bonuses on termination and will include this in its consultation with major shareholders. An update on the review will be provided following consultation, in the Annual Report 2021, which is due to be published in June 2021.

The Board welcomes active engagement with shareholders on governance matters and will continue to report on its broader relations with investors in the 2021 Annual Report and Accounts.

Shareholders are also invited to contact the Chairman through the Company Secretary (via cosec@sirius-real-estate.com) should they have any governance concerns at any time, or me if the matter relates to Remuneration or the Chairman himself.

Yours faithfully



James Peggie
Senior Independent Director

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