



# TERMS OF REFERENCE OF THE INVESTMENT COMMITTEE

Gemgrow Properties Limited  
(Registration number 2007/032604/06)  
("Gemgrow" or "the company")

## 1. Constitution

A formally appointed investment committee of the Board, comprising executive and non-executive directors shall be constituted to assist the Board of directors ("the Board") of Gemgrow with investment related matters. The committee shall be empowered by the Board to make all investment decisions relating to the acquisition and disposal of property by the company and its subsidiaries, including the interests set out in clauses 4.3 and 4.4 below.

## 2. Membership

- 2.1 The investment committee ("committee") shall consist of not less than four members appointed by the Board of directors, comprising a mixture of executive and non-executive directors. At the date of approval of these amended Terms of Reference, the committee shall comprise of the members listed in Annexure A, which annexure will be amended from time to time to reflect new appointments and changes to the committee.
- 2.2 The Board shall appoint the committee Chairperson and determine the period for which he/she shall hold office.
- 2.3 The committee shall nominate a secretary, who shall be responsible for taking minutes of all committee meetings. Provided that there is no conflict of interest any director with the consent of the Chairperson, may obtain copies of the committee's minutes.

## 3. Terms of reference

- 3.1 The role of the committee is to consider and approve on behalf of the company and its subsidiaries investment opportunities in line with the investment strategy of Gemgrow, to approve capital expenditure relating to improvements to the property portfolio and to approve the sale of properties which have been identified for disposal.
- 3.2 The committee shall have due regard to the principles of sound governance and codes of best practice in its functioning and deliberations.

## 4. Investment strategy

- 4.1 Assets to be acquired must be revenue enhancing in the first year after their acquisition.
- 4.2 Assets acquired must fall into retail, office, industrial, storage and other categories of property and may be situated in any of the provinces of the Republic of South Africa.
- 4.3 Shares may be acquired in both listed and unlisted property companies, as long as the objective is to convert such shares into property. The company may take a stake in a joint venture.
- 4.4 Interests may be taken in Real Estate Investment Trusts ("REITs"), provided that there is a reasonable chance of ultimately acquiring control of the REIT, or of switching the interest into one or more properties owned by the REIT.
- 4.5 Properties that are considered to be surplus to the company's requirements as a result of non performance, size or location (or where it is considered necessary to realign the portfolio between retail, office, industrial, storage and other categories of property) should be disposed of to best advantage.
- 4.6 Offers received in respect of properties for sale must be considered, if the sale would be revenue enhancing for the company.
- 4.7 No property should represent more than 10% of the value of the company's portfolio
- 4.8 The minimum threshold for the purchase of a property is R15 million (fifteen million Rand), unless the property is acquired as part of a portfolio, where the value of one or more properties being acquired is under R15 million (fifteen million Rand) but the overall value of the portfolio being acquired is greater than R15 million (fifteen million Rand).



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## 5. Capital expenditure

In each financial year:

- 5.1 Management are authorised to incur capital expenditure of up to the lower of 30% of value of the property or R10 000 000 (ten million Rand) on any property owned by Gemgrow or its subsidiaries, without the prior approval of the investment committee.
- 5.2 Capital expenditure in excess of R10 000 000 (ten million Rand) on any property owned by the company or any its subsidiaries shall require the prior approval of the investment committee.
- 5.3 The maximum capital expenditure on properties owned by the company or its subsidiaries which management are authorised to incur in any financial year shall be limited cumulatively to R25 000 000 (twenty five million Rand) above which amount the approval of the investment committee shall be required.
- 5.4 A schedule shall be included in each Board pack containing details of all capital expenditure approved by management since the previous Board meeting.

## 6. Growth strategy

The strategy for growth will focus on:

- 6.1 Sustaining income growth and capital appreciation;
- 6.2 Growing the portfolio, while maintaining the quality thereof, as well as the overall yield.

## 7. Periodic performance reviews

Properties acquired shall be monitored by the committee and reviewed periodically by the Board by way of periodic reviews, including a comparison of the actual performance against the anticipated/projected performance utilised in motivating the original investment decision.

## 8. Meetings

- 8.1 Meetings of the committee shall be held as the Chairperson of the committee deems appropriate.
- 8.2 The secretary shall send a notice of each meeting of the committee, confirming the venue, time and date and enclosing an agenda of items to be discussed and such notice shall be forwarded timeously to members of the committee before each meeting, except under exceptional circumstances where it is not possible to do so. Those directors who do not serve on the investment committee shall be furnished timeously with an executive summary of any proposal being considered by the committee.
- 8.3 The quorum for meetings of the committee shall be a majority of members.
- 8.4 All decisions made by the committee shall be unanimous and if members of the committee are unable to arrive at unanimity, the company shall not proceed with the proposal under consideration.
- 8.5 Where a member of the committee is unable to attend a meeting, prior to such meeting the member shall be entitled to submit his/her comments on the matters to be considered to the Chairperson and to vote in absentia on any matter to be discussed at a meeting.
- 8.6 The Chairperson or in his/her absence, any other member of the committee, shall attend Board meetings and provide a report relating to investment matters.

## 9. Proceedings

- 9.1 Unless varied by these Terms of Reference, meetings and proceedings of the committee shall be governed by Gemgrow's Memorandum of Incorporation regulating the meetings and proceedings of directors and committees.
- 9.2 Should any member of the committee have an interest in a matter to be discussed by the committee, he/she shall declare the nature and extent of his/her interest and shall not participate in any discussion or decision regarding such matter.



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## 10. Remuneration

- 10.1 Having regard to the functions performed by the members of the committee, in addition to their functions as directors of the company, members of the committee may be paid such remuneration as shall be fixed by the Board and approved by shareholders in general meeting.
- 10.2 Such remuneration shall be payable in addition to the annual directors' fees payable to the non-executive directors.
- 10.3 Expenses reasonably incurred by the committee shall be borne by the company.

## 11. General

- 11.1 In carrying out its tasks under these Terms of Reference, the committee may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 11.2 The Board must ensure that the committee has access to professional advice both inside and outside the company, in order for it to perform its duties.
- 11.3 From time to time these Terms of Reference may be amended as required, subject to the approval of the Board.

## ANNEXURE A

### Members of the investment committee

- > G Kinross (Chairperson)
- > A Kirkel
- > A Basserabie
- > J Limalia
- > M Kaplan