



TERMS OF REFERENCE OF THE REMUNERATION AND NOMINATION COMMITTEE

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

1. Constitution

In order to avoid potential conflicts of interest, every company should establish a formal and transparent procedure for developing a policy on executive remuneration and for determining the remuneration packages of individual executive and non-executive directors within agreed terms of reference. A formally appointed remuneration committee ("Remco") of the Board of directors ("the Board") comprising wholly or substantially of independent non-executive directors, with access to independent surveys and consultants, can be a useful mechanism for facilitating the determination of all the essential components of remuneration and establishing remuneration credibility with shareholders. For reasons of self interest the committee's function in relation to remuneration of non-executives should be limited to making recommendations to the full Board and where applicable, to the company's shareholders.

The financial rewards offered by Gemgrow should be adequate to attract people of the required calibre, as failure to attract the right people will have a negative impact on the efficiencies of Gemgrow and consequently, on the returns to its shareholders.

As a cornerstone of good corporate governance, there should be a formal, rigorous and transparent procedure for the appointment of new directors to a company's Board. A nominations committee ("Nomco") should be appointed to lead the process for Board appointments and to make recommendations to the Board.

In view of the fact that certain of the functions of Remco and Nomco overlap, the Board of directors of the company has resolved that a remuneration and nomination committee be established instead of two separate committees.

2. Membership

- › The remuneration and nomination committee ("committee") shall consist of not less than 2 (two) members appointed by the Board. At the date of Board adoption and approval of these Terms of Reference, the committee shall comprise of the members listed in Annexure A, which annexure shall be amended from time to time to reflect new appointments and changes to the committee.
- › If the committee comprises of two members, at least one of the members shall be an independent non-executive director. If the committee comprises of more than two members, the majority of members shall be independent non-executive directors.
- › The Board may from time to time consider the composition of the committee and make such changes as are deemed necessary.

- › The Board shall appoint the committee Chairperson and determine the period for which he/she shall hold office. The Chairperson of the Board, if he or she is an independent non-executive director is eligible for appointment as Chairperson of the committee.
- › The committee shall nominate a committee secretary.
- › Only members of the committee have the right to attend meetings. However other individuals such as the Chief Executive Officer if he/she is not a member of the committee and Chief Financial Officer may be invited to attend all or part of meetings as and when necessary.

3. Terms of reference

- › The committee will be responsible for recommendations to the Board and within these Terms of Reference the committee will:
 - › determine, agree and develop the company's general policy on executive and senior management remuneration;
 - › determine specific remuneration packages for executive directors of the company, including but not limited to basic salary, benefits in kind, annual bonuses if any, performance-based incentives, share incentives, pensions and other benefits; and
 - › determine the criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities.
- › The committee will aim to give the executive directors every encouragement to enhance the company's performance and to ensure that they are fairly but responsibly rewarded for their individual contributions and performance.
- › The committee shall review at least on an annual basis the terms and conditions of executive directors' service agreements, taking into account information from comparable companies where relevant.
- › The committee shall determine any grants of shares or share allocations/loans to executive directors and other senior employees, made pursuant to the company's executive share scheme(s).
- › The committee shall be kept informed of relevant information relating to the group executives and senior managers of similar listed property companies and real estate investment trusts.
- › The committee shall not determine the remuneration or terms of any consultancy agreement of any non-executive director, although if requested, it may make recommendations to the Board.



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- › The committee shall co-ordinate its activities with the Chairperson of the Board, should he/she not be a member of the committee and the Chief Executive Officer as well as consult with them regarding the committee's remuneration policy as well as when determining specific remuneration packages.
- › The broad framework and cost of executive remuneration should be a matter for the Board, on advice of the committee.
- › The committee shall have due regard to the principles of sound governance and codes of best practice.
- › The committee shall liaise with the Board in relation to the preparation of the committee's report to shareholders and, if applicable, each year may consider and minute its conclusions whether circumstances are such that the annual general meeting of the company should be invited to approve the remuneration policy set out in the committee's report.
- › The committee shall also:
 - › regularly review the structure, size and composition of the Board (including its skills, knowledge, experience and diversity) and make recommendations to the Board with regard to any changes;
 - › be responsible for identifying and nominating for approval of the Board, candidates to fill Board vacancies as and when they arise as well as additional candidates;
 - › keep under review the leadership needs of the company, both executive and non-executive, with a view to ensuring the continued ability of the company to compete effectively in the market place;
 - › give full consideration to succession planning for the Chief Executive Officer and executive directors taking into account the challenges and opportunities facing the company and the skills and expertise needed in the future;
 - › before any appointment is made by the Board, evaluate the skills, knowledge, experience and diversity of Board members and in the light of the evaluation, prepare a description of the role and capabilities required for any particular appointment. In identifying suitable candidates, the committee shall have due regard for the benefits of diversity on the Board and be satisfied that appointees have adequate time available to devote to the position;
 - › prior to any recommendation being made to the Board, the proposed appointee shall be required to disclose all other business interests that could result in a conflict of interest;
 - › ensure that on appointment to the Board, the non-executive directors receive a formal letter of appointment, setting out clearly what is expected of them;
 - › review the results of the Board evaluation process that relate to the composition of the Board;
 - › evaluate the performance of directors including the Chairperson. In so doing the method of evaluation will be agreed by the committee and the results of the evaluation will be provided to the Chairperson of Gemgrow;
 - › evaluate the effectiveness of the Board as a whole;
 - › consider the performance and contribution of the non-executive directors.
 - › make recommendations to the Board regarding:
 - suitable candidates for the role of lead independent director if the Chairperson is not regarded as independent;
 - membership of the audit and risk committee, remuneration and nomination committee, investment committee, social and ethics committee and other appropriate Board committees in consultation with the Chairperson of those committees.
 - the appointment of any director or executive or other officer.

4. Guidelines for components of remuneration

As part of achieving and maintaining reasonable, acceptable levels of remuneration, the committee is encouraged to consider the following guidelines:

Base fees

- › the general level of hourly or daily rates of fees earned by non-executive directors in their professional capacities as lawyers, accountants, executives or management consultants;
- › the hours spent in travel and preparation for meetings by non-executive directors as well as actual attendance;
- › whilst indirect costs pertinent to the role of directors are separately reimbursed, a fair and reasonable allowance for any direct costs should be made to the base fee;
- › a comparison can be made with comparable companies regarding the level of the chief executive officer's and other executive directors' remuneration, disregarding any incentive package;
- › company performance, namely profit, dividend and share price are not considered to be of special significance for the purpose of setting a base fee;
- › the fee must be fair.



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Forms of payment

- › cash;
- › shares or options, for which non executive directors will not be considered, can have the advantage of aligning remuneration with the interests of shareholders, by increasing the focus of the executive directors on company performance and the value of its shares.

Reviews

- › The dates for review is an appropriate time to undertake evaluation of the performance of individual directors and should be completed before the financial year-end of Gemgrow.

Equal sharing

- › In line with the principle of collective responsibility, wherever possible there should not be any differentiation in base fees of non-executive directors except in the case of additional responsibility or workload, such as the Chairperson and Deputy Chairperson. The level will depend on the extent of their involvement with the company.

Supplementary fees

- › Supplementary work resulting from the membership of Board committees, such as the audit and risk committee, the investment committee and the remuneration and nomination committee should be spread as evenly as possible among Board members and recognised in the level of the base fee.

Reimbursement of expenses

- › Directors should ensure that they are reimbursed for all direct and indirect expenses reasonably and properly incurred, such as office, secretarial, accommodation and traveling expenses.
- › Accommodation and traveling expenses should include those incurred in attending all meetings of directors and Board committees, shareholders' meetings or otherwise in connection with Gemgrow business.
- › Directors should ensure that Gemgrow's Memorandum of Incorporation does not restrict the reimbursement of expenses.

Directors' and officers' liability insurance

- › The company shall arrange for directors' and officers' liability insurance to be taken out, the premiums of which shall be paid by Gemgrow. In arranging such cover, consultations shall take place with the company's insurance brokers to establish what the cover should be.

- › The cover provided by this insurance should be as extensive as permitted by law, including all risks relating to legal costs.
- › Directors should ensure that the payment of this type of insurance cover is authorised by Gemgrow's Memorandum of Incorporation.

Flexibility

- › In the normal course, all the components of remuneration are a matter of negotiated commercial contract.

5. Shareholder acceptance

- › Every effort should be made to promote acceptance of the necessity for and benefits of a realistic realignment of directors' remuneration.
- › Requirements to disclose remuneration in the annual report are seen as a constructive opportunity to communicate with shareholders on all aspects of remuneration.
- › The information disclosed could in relation to each director, usefully include such matters as a breakdown of remuneration into its individual components, the remuneration package as a total cost to Gemgrow and the number of meetings attended.
- › The adoption by companies of formal remuneration policies, encompassing such matters as the philosophy behind remuneration assessments, the criteria for remuneration setting, the remuneration components, the composition and role of the committee and the disclosure of such policies to shareholders can also indicate to the public a responsible approach by companies to remuneration issues.

6. Meetings

- › Meetings of the committee shall be held as the committee deems appropriate. Notwithstanding the committee should meet at least once each year. Further meetings may be called by the Chairperson of the committee or any member of the committee.
- › The notice of each meeting of the committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, other than under exceptional circumstances shall be forwarded to each member of the committee not less than four working days prior to the date of the meeting.
- › The quorum for a meeting shall be two members personally present, of whom at least one shall be an independent non-executive director.
- › If there are only two members of the committee, decisions must be unanimous. If there are more than two members of the committee, decisions shall be by a majority.



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- › In the ordinary course of events the committee may invite the Chairperson of the Board (if he/she is not a member of the committee) and the Chief Executive Officer to attend meetings to discuss the performance of other executive directors and to make proposals as necessary.
- › The Chairperson, or in his/her absence, an alternate member of the committee shall attend the annual general meeting to answer questions concerning the appointment of executive and non-executive directors and maintain contact as required with Gemgrow's principal shareholders about the appointment of executive and non-executive directors in the same way as for other matters.

7. Proceedings

- › Unless varied by these Terms of Reference, meetings and proceedings of the committee shall be governed by the Gemgrow's Memorandum of Incorporation regulating the meetings and proceedings of directors and committees.
- › The committee secretary shall take minutes of meetings. Provided there is no conflict of interest and with the consent of the Chairperson, any director may obtain copies of the committee's minutes.
- › Should any member of the committee have any interest in any matter to be discussed by the committee, he/she shall declare the interest and not participate in the discussion regarding such matter.

8. Remuneration

- › 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.
- › Such remuneration shall be payable in addition to the annual directors' fees payable to the non-executive directors.
- › Expenses reasonably incurred by the committee shall be borne by the company.

9. General

- › 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. Such expenses reasonably incurred shall be borne by the company.
- › The Board should ensure that the committee will have access to professional advice both inside and outside the company in order for it to perform its duties.
- › The committee shall produce a report for inclusion in the company's annual report about its activities.
- › The Chairperson of the committee shall report to the Board on its proceedings and make whatever recommendations it deems appropriate in any area where action or improvement is considered necessary.
- › These Terms of Reference may from time to time be amended, as required, subject to the approval of the Board.

ANNEXURE A

Members of remuneration and nomination committee

- › GS Kinross (Chairperson — nomination matters)
- › C Abrams
- › A Rehman (Chairperson — remuneration matters)