

SF REIT Asset Management Limited
(as manager of SF Real Estate Investment Trust)

TERMS OF REFERENCE FOR NOMINATION AND REMUNERATION COMMITTEE

1. Definition

In these terms of reference, unless the content requires otherwise, the following terms have the following meanings:

“Board”	means the board of Directors
“Board Committee(s)”	means any committee established by the Board in accordance with the Manager’s articles of association
“controlling unitholder”	has the same meaning as “controlling shareholder” as defined under the Listing Rules (modified as appropriate pursuant to paragraph 2.26 of the REIT Code)
“Corporate Governance Policy”	means the corporate governance policy set forth in the compliance manual of the Manager
“Director(s)”	means director(s) of the Manager
“ED(s)”	means executive Director(s)
“Entities”	means the Manager, subsidiary(ies) of the Manager (if any), the Trust and special purpose vehicles (as defined in the REIT Code) of the Trust
“INED(s)”	means independent non-executive Director(s)
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (modified as appropriate pursuant to 2.26 of the REIT Code), as amended from time to time
“Manager”	means SF REIT Asset Management Limited, manager of the Trust
“NED(s)”	means non-executive Director(s)
“Nomination and Remuneration Committee”	means the nomination and remuneration committee established by the Board
“REIT Code”	means the Code on Real Estate Investment Trusts issued by the SFC
“senior management”	means senior staff regarded as senior management by the Manager from time to time
“SFC”	means Securities and Futures Commission of Hong Kong
“substantial holder”	has the meaning as defined in the REIT Code and the Trust Deed

“Trust”	means SF Real Estate Investment Trust (順豐房地產投資信託基金)
“Trust Deed”	means the trust deed dated 29 April 2021 constituting the Trust, as may be supplemented, amended and/or restated from time to time
“Unit”	mean unit of the Trust
“Unitholder”	means holder(s) of Unit(s)

2. Objective

The primary purpose of the Nomination and Remuneration Committee is to oversee the human resources strategy and policies and succession plan of the Entities. It is also responsible for identifying and recommending to the Board candidates for appointment to the Board, and evaluating the performance of the Board and its members on an annual basis. It also makes recommendation on remuneration of Directors and approve compensation arrangements for senior management. It should ensure that no Director is involved in deciding his own remuneration.

3. Membership and Meetings

- 3.1 The Nomination and Remuneration Committee shall comprise at least three members with a majority of members being INEDs. The chairman of the Nomination and Remuneration Committee shall be the chairman of the Board (if he is appointed as a member) or an INED.
- 3.2 The Nomination and Remuneration Committee should meet at least once per annum or otherwise as required.
- 3.3 The Nomination and Remuneration Committee shall report back to the Board on its decisions and progress on a regular basis.
- 3.4 At the discretion of the Nomination and Remuneration Committee, any person (including, without limitation, any senior management or other employees of the Manager or any advisors and consultants) may be invited to attend meetings (or parts of meetings) of the Nomination and Remuneration Committee.
- 3.5 The Nomination and Remuneration Committee members may appoint one of them (or, if the members deem fit, may appoint Company Secretary of the Manager or such other person) as the secretary of the Nomination and Remuneration Committee.

4. Responsibilities of the Nomination and Remuneration Committee

- 4.1 Board Vacancies
 - (a) When a vacancy occurs on the Board by reason of disqualification, resignation, retirement, death or an increase in the size of the Board, identify individuals suitably qualified to become members of the Board.
 - (b) Recommend to the Board when new members should be added to the Board and/or to any Board Committees.

- (c) Consider any waiver condition imposed by the SFC when evaluating the appointment of a new Director, including obtaining a declaration from the candidate that he or she is not appointed by and is independent of any substantial holder or controlling unitholder of the Trust and entities owned and controlled by such substantial holder or controlling unitholder.
- (d) Review the structure, size and composition (including skills, knowledge and experience) of the Board and the Board Committees on an ongoing basis at least annually and with regard to the Corporate Governance Policy and board diversity policy of the Manager and make recommendations on any proposed changes to the Board members to complement the Manager's corporate strategy.
- (e) Develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship.
- (f) Make recommendations to the Board about membership of Board Committees and Director's orientation.
- (g) Review and monitor training and continuing professional development of Directors and senior management.
- (h) Receive nominations from shareholders of the Manager on potential Board members of the Manager.
- (i) Make recommendations to the Board on the appointment, re-appointment or removal of the Directors and succession planning for Directors.
- (j) Develop and implement a nomination policy for Directors, adhere to the nomination policy when performing its duties and discharging its responsibilities set out in this paragraph 4.1, and approve any changes to the nomination policy if the Nomination and Remuneration Committee deems necessary or appropriate.

4.2 Director's Performance and Board Evaluation

- (a) Annually evaluate the performance of the Board as a whole, and report the results to the Board. Consider engaging outside consultants to evaluate the Board and its members if deemed necessary or appropriate.
- (b) Annually review the performance of Director(s) who is/are expected to stand for election at the next annual general meeting of Unitholders of the Trust and/or annual general meeting of the Manager.
- (c) Monitor the attendance record of Directors for all Board and Board Committee level meetings.
- (d) Propose Directors for appointment, re-appointment and removal from the Board in accordance with relevant codes and policies and the Manager's constitutional documents.
- (e) Prepare and update job description required for a particular Board level appointment.

4.3 Remuneration

- (a) Establish and oversee the Entities' overall compensation strategy and policies, pay level, and manpower succession plan.
- (b) Recommend and review the manpower deployment strategy for the Entities.
- (c) Benchmark the Entities' compensation system and monitor compensation trends to ensure remuneration offered by the Entities is sufficient to attract, retain and motivate high calibre staff and directors.
- (d) Make recommendations to the Board regarding option plan or other incentive compensation plan or equity-based plan for all Directors and monitor the execution of such plan(s).
- (e) Make recommendations on providers of the Mandatory Provident Fund services.
- (f) Evaluate all proposals for new or amended policies on retirement, redundancy and early retirement.
- (g) Review and make recommendations to the Board on the remuneration and retirement policies and packages (including benefits in kind, pension rights and compensation payments) of ED(s). In this regard, the chairman of the Nomination and Remuneration Committee shall consult the chairman of the Board about their remuneration proposals for ED(s).
- (h) Review and make recommendations to the Board on the remuneration of NEDs (including INEDs) and the remuneration policy and structure of senior management.
- (i) Ensure no Director or any of their associates shall be involved in deciding that Director's own remuneration.
- (j) Review compensation payable to Directors and/or the Chief Executive Officer in connection with any loss of or termination of their office or appointment to ensure that such compensation is determined in accordance with the relevant contractual terms (if applicable) and is otherwise fair and not excessive.
- (k) Review compensation arrangements in connection with dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with the relevant contractual terms (if applicable) and is otherwise reasonable and appropriate.
- (l) Review and approve compensation arrangements in connection with any loss or termination of employment or severance packages for senior management, ensuring such compensation, including termination arrangements and severance packages, is determined in accordance with the relevant contractual terms (if applicable), law, rules and regulations and is otherwise fair and not excessive.

4.4 Others

- (a) Recommend to the Board updates to the Corporate Governance Policy and other issues in relation to independence and ethics of Directors or employees of the Entities.
- (b) Assist the Board and the Manager to set the code of conduct or business conduct guidelines for Directors and/or employees, monitor the implementation and determine other issues related to company and employee conduct and ethics.
- (c) Recommend to the Board standards and practices for Director's independence, in reference to the Listing Rules for the time being.
- (d) Review annually the independence qualification for INEDs and review the qualification and competence of Directors.
- (e) Review, monitor and report on, and recommend to the Board updates to, the board diversity policy and nomination policy as maintained by the Manager.
- (f) Review letter of appointment as INED (and, if applicable, letter of appointment as NED or ED if the Nomination and Remuneration Committee determines that letter of appointment shall be entered into by the Manager with each NED and ED) whereas the letter of appointment of INED (or, if applicable, NED or ED) shall state time commitment, term of service and other involvements expected out of them.
- (g) Select, appoint, direct and (if appropriate) terminate outside experts, including obtaining legal and other independent professional advice or engagement of consultancy firm on human resources, as the Nomination and Remuneration Committee deems necessary in the performance of its duties.
- (h) Review any disclosure to be published by the Trust and/or the Manager (whether announcements or otherwise) in relation to any matters that are within the purview of the Nomination and Remuneration Committee.
- (i) Consider other topics or issues as referred to the Nomination and Remuneration Committee by the Board.

Approved by the Board on 29 April 2021

Updated on 28 June 2024