

COMMERCIAL GROUP PROPERTIES Plc

TERMS OF REFERENCE

for the **REMUNERATION COMMITTEE**

COMMERCIAL GROUP PROPERTIES Plc (“the Company”)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

1. Establishment

The board has by resolution of the board established a committee of the Board to be known as the “Remuneration Committee”.

2. Membership

2.1 The members of the Remuneration Committee shall be appointed by the Board from amongst the directors of the company and shall consist of not less than two members. Where possible a majority of the members of the Remuneration Committee shall be independent non-executive directors of the Company. The Remuneration Committee shall have a quorum of two members.

2.2 The chairman of the Remuneration Committee shall be a non-executive director who shall be appointed by the board.

3. Duties

The duties of the Remuneration Committee shall be:-

- to determine and agree the broad policy for the remuneration of the executive management as it is designated to consider; and to maintain and assure its independence;
- determine targets for any performance related pay schemes operated by the Company;
- determine the policy and scope of pension arrangements for executive directors;
- ensure that contractual terms on termination, and any payments made, are fair to both the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- within the agreed policy, determine the total individual remuneration package of each executive director;

- in determining such packages and arrangements, give due regard to the contents of the Combined Code of Good Governance (the “Code”) as well as the AIM Rules;
- be aware of and advise on any major changes in employee benefit structures throughout the Company;
- agree the policy for authorising claims for expenses from the executive directors;
- ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Directors’ Remuneration Report Regulations 2002 and the Code are fulfilled;
- be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- report the frequency of, and attendance by members at, Remuneration Committee meetings in the annual reports;
- make available the Committee’s terms of reference, to be reviewed and, if necessary, updated annually.

[NB updated guidance on the Code can be found from time to time at www.icsa.org.uk.]

4. Purpose

The purpose of the Remuneration Committee is to make recommendations to the Board to:-

- 4.1 ensure that the executive Directors and other senior executives of the Company (if any) are fairly rewarded for their individual contribution to the overall performance of the Company; and
- 4.2 demonstrate to the shareholders of the Company that the remuneration of the executive Directors and other senior executives of the Company (if any) are set by a committee of the Board whose members have no personal interest in the outcome of such decisions and which in setting such remuneration will have due regard to the interests of shareholders.

5. Attendance at Meetings

- 5.1 Only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. However, other individuals such as the managing director, the head of human resources and external advisers may be

invited to attend for all or part of Remuneration Committee meetings as and when appropriate.

- 5.2 The Remuneration Committee may at each meeting appoint one of their number to be the secretary of the Committee.

6. Frequency of Meetings

Remuneration Committee meetings shall be held not less than twice a year. The chairman of the Company may request that a meeting of the Remuneration Committee takes place if he/she reasonably considers that one is necessary.

7. Authority

- 7.1 The Remuneration Committee is authorised by the board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any requests made by the Remuneration Committee.

- 7.2 The Remuneration Committee is authorised by the board to obtain outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Remuneration Committee will act in conjunction with the chairman of the Company.

8. Exclusions

The terms of reference of the Remuneration Committee do not encompass decisions to employ or dismiss executives. The Remuneration Committee does not have responsibilities for nominations to the board.

9. Reporting Procedures

The secretary of the Remuneration Committee shall circulate the minutes of the meetings of the Remuneration Committee to all members of the board.

10. Annual General Meeting

The chairman of the Remuneration Committee shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Remuneration Committee's activities.