

**PAVILION REAL ESTATE INVESTMENT TRUST  
NOMINATING COMMITTEE  
TERMS OF REFERENCE**

**1. Establishing a Nominating Committee**

A Nominating Committee (“NC”) formed by Pavilion REIT Management Sdn Bhd (“the Company”)’s Board of Directors plays a crucial role in the corporate governance process. The NC is responsible for identifying, nominating and orientating new directors, besides assessing existing directors on an on-going basis.

Delegation of this responsibility to a NC helps ensure that the Board recruitment matters are discussed in depth, allowing the Board to instead spend time on strategic and operational matters.

The key task of the NC is to ensure that the Company recruits and retains the best available executive and non-executive directors.

The NC is to comprise exclusively of non-executive directors, a majority of whom must be independent.

**2. Duties**

- (a) The NC shall consider the need for the Board’s composition to reflect a range of skill mix and expertise. High levels of professional skills, knowledge, expertise, experience and appropriate personal qualities are pre-requisites for directorship in the Company. Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, possess high ethical standards, sound practical sense, and total commitment to furthering the interests of Unitholders, the Company’s shareholders and the achievement of the Company’s goals.
- (b) The NC shall be responsible to oversee the selection and assessment of Directors. The NC shall also be tasked with with assessing and recommending the candidature of Directors, review of the succession plans and training programme. For the assessment and selection of Directors, the NC shall consider the character, experience, competence, integrity and time, as well as the following factors:-
  - Skills, knowledge, expertise and experience;
  - Professionalism;
  - Integrity; and
  - In the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates’ ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.
- (c) The NC shall also assist the Board to facilitate the induction and training programmes for Directors.
- (d) Assist the Board in undertaking an annual assessment of the independence of its Independent Directors. Emphasis of assessing independence should be focused beyond the background, economic and family relationships of the Director.

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- (e) Consideration shall also be made as to whether the Independent Director can continue to bring independence and objective judgment to the Board's deliberations.

**3. Meetings**

The NC should meet at least once a year, or more frequently when the need arises, to carry out its activities.

The quorum for a meeting shall be three (3) members, one of whom must be a non-independent director.

The NC should be provided with sufficient resources to undertake its duties. It should have access to the services of the company secretary on all NC matters including assisting the chairman in planning the NC's work, drawing up meeting agenda, maintenance of minutes and collection and distribution of information and provision of any necessary practical support.

The meetings of the NC should be transparent, with all proceedings recorded and actions documents. The Board should be kept aware of the NC activities by way of committee minutes being circulated together with the board meeting papers.

**4. Performance Evaluation**

The NC should carry out annually an evaluation on the effectiveness of the Board as a whole, the board committees and the contribution of each individual director with all assessments and evaluations by the NC to be properly documented. The Board conducts the evaluation based on agreed upon criteria.

The evaluation should consider several aspects, including:-

- expertise of member
- inquiring attitude, objectivity and independence;
- exercise of sound judgment;
- ability to take tough, constructive stands at meetings, when and where necessary;
- understanding of the Company's business;
- understanding of, and commitment to, the Committee's duties and responsibilities;
- willingness to devote the time needed to prepare for, and participate in, committee deliberation;
- responsiveness (timeliness and quality);
- approach to conflicts and whether the member helps the Committee manage conflicts constructively and productively; and
- attendance at meetings.

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Evaluation should also consider the intangible or soft elements of the Board's performance such as:-

- Individual Board members' understanding of the Company's mission, vision and strategies;
- Board members' understanding and knowledge of the Company's business;
- Readiness to ask management probing questions or interrogate management when required; and
- Particular knowledge the Board members bring to add value to the Company

Upon the completion of the evaluation, the NC should present to the Board after its deliberation the outcome to take appropriate remedial actions (if any), for example relevant training to be recommended for the members, etc, to effectively discharge their responsibilities.

**5. Induction of new members**

Formalised orientation training should be provided to the new Director of the Company to ensure that he/she understands his/her roles, nature of the Company's business, operations and current issues, objectives of the committees set-up and the Board's expectations of his/her performance.