

REITIR FASTEIGNAFÉLAG HF.

Rules of procedure for the nomination committee

1. Introduction

These rules of procedure are established on the basis of the Corporate Governance Guidelines issued by the Iceland Chamber of Commerce, Nasdaq Iceland and SA – Business Iceland (hereafter referred to as “the Corporate Governance Guidelines”).

2. Objective

The nomination committee’s role is to prepare for the election of members to the Board of Directors at the annual general meeting of Reitir fasteignafélag hf. (“the Company“) and submit a proposal on candidates to be elected to the Board. The committee’s proposals shall ensure that at any given time the Board consists of members who possess diverse knowledge, experience and qualifications useful to the Company in strategic planning and oversight in the environment in which the Company operates at any given time.

3. Nomination of the nomination committee

The nomination committee shall consist of three members who are nominated for a term of one year at a time. The majority of the committee shall be independent of the Company and its day-to-day management. When assessing the independence of committee members, the same considerations shall be taken into account as when the independence of Board members is assessed, see the Corporate Governance Guidelines. At least one committee member must be independent of the Company’s largest shareholders.

The Board of Directors shall submit a proposal for the confirmation of two committee members to the nomination committee in the notification of the annual general meeting. Should the annual general meeting refuse to confirm the proposal the Board of Directors shall call a new meeting within four weeks and submit a new proposal for confirmation.

Following the Annual general meeting the newly elected Board shall nominate one member from the Board to take a seat on the committee. The committee divides tasks between itself, however, the chairman of the committee should not also be a Board member. Should a committee member not be able to attend the Board of Directors nominates another instead.

The committee members shall have the relevant knowledge and experience necessary relating to the role of the committee on, among other things, good governance and provisions of law on the responsibilities of a board of directors of large public limited companies as well as guidelines and practices relating to the role and governance of larger companies. It is preferable that committee members have good communication skills and experience in analyzing qualifications for which the active participation on the Board of the Company requires. Typically, committee members should be reasonably knowledgeable of business operations and the responsibilities of a board of directors. Care should be taken that both genders are represented on the committee.

The remuneration of committee members shall be decided at an annual general meeting and take into account the remuneration of the Board's sub-committees and the intended scope of their tasks.

4. Role and responsibility

The nomination committee has a consultative role vis-à-vis the annual general meeting in the choice of the Company's Board members. The committee shall work with the interests of all shareholders in mind.

The committee shall execute its responsibilities by, among other things:

- a. Setting itself a work schedule to encourage efficiency in its work with the aim of being at work the last three months prior to the notification of the annual general meeting.
- b. Familiarizing itself with the Board's governance in relation to the Corporate Governance Guidelines and the findings of the Board's performance review. The committee shall hold meetings with all Board members, each on his/her own, in addition to the CEO to obtain information about the Company, the work of the Board in the last operating year and foreseeable areas of focus in its activities in the coming year in order to assess which key qualifications and knowledge the Board needs to possess. The Board's representative in the committee shall not attend the committee's meetings with other Board members and the Company's CEO.
- c. Ensuring the Company's website report on the role and nomination of the nomination committee, and explain how proposals and candidacy may be submitted, as well as feedback, to the committee. The website shall also contain information on the proceedings relating to candidature once the committee's proposals have been published.
- d. Call for proposals from the shareholders on candidates for the election to the Board of Directors. The committee shall no later than 10 weeks before the annual general

meeting announce that preparation for the election to the Board has begun and call for nominations for the Board of Directors.

- e. Make a proposal on the election of Board members in relation to the aforementioned objectives on the composition of the Board and with the qualifications, experience and knowledgeability of relevant candidates in mind. The committee shall ensure that the proposal is in accordance with provisions of the Act on Public Limited Companies and the Company's Articles of Association on nomination to the Board, and that it is likely to contribute to the unity of shareholders.
- f. Make a written account of how the committee has executed its responsibilities and rationalize their proposals. The proposals of the nomination committee should be announced in the notice for the annual general meeting and be accessible to the shareholders on the Company's website as quickly as possible, but at least three weeks before the meeting. The committee shall also ensure that other candidatures that have been submitted and deemed valid be published on the Company's website at least six calendar days before the meeting. The committee shall submit a report of its work and proposals at the Company's annual general meeting.
- g. Assess whether there is a reason to change the work procedures of the committee and, if so, announce them to the Board and shareholders at an annual general meeting.

5. Authorisations

The nomination committee is authorized to approach the Board and sub-committees of the Board to obtain the relevant information necessary to carry out their role. The committee shall also seek proposals and opinions of shareholders. The equitable treatment of shareholders shall always be ensured.

Should the nomination committee request information or data from the Company or access to its employees, such a request shall be presented to the CEO of the Company. The CEO shall in consultation with the compliance officer assess whether it is necessary to place the names of committee members on an insiders list while the committee is working. If the committee considers a special reason to seek counsel on specific issues it is, subject to the approval of the Board, authorized to incur costs in relation thereto.

6. Confidentiality

Committee members are bound by confidentiality on everything they obtain knowledge of in the course of their work and relate to the Company's matters, and other matters they obtain knowledge of as committee members unless they are legally required to provide information. The obligation of confidentiality applies even after a committee member has left his/her position.

These rules of procedure shall be published on the Company's website.