



INVESTMENT COMMITTEE MANDATE

1. INTRODUCTION

Subject to board approval, this updated investment charter replaces the charter approved by the board in September 2015.

VISION STATEMENT

To be the leading real estate owner on the African continent, outside of South Africa, within the next five years and to create significant value for our shareholders, ensuring consistent growth by creating strong partnerships, while making a real and meaningful impact in the countries we operate in.

Grit Real Estate Income Group Limited (“Grit” or “the Company”) has the following objectives:

- Become the continent’s leading real estate group;
- Achieve high yielding USD returns through sustainable profits and acceptable volatility;
- Grow a portfolio with quality leases and strong counterparties; and
- Build diverse revenue streams and create long term franchise value.

The Company is an Income Return company, targeting a minimum income return of 7% per annum (post tax).

This document sets out the Company’s Investment Charter. The **Key Elements** are:

- Invest primarily in fully tenanted assets or those with acceptable rental guarantees in place;
- Continue to invest in Morocco, Mozambique, Zambia, Mauritius and Kenya, leveraging off existing experience;
- Target new jurisdictions including Uganda, Botswana, Tanzania, Ghana and Ivory Coast.
- Thereafter, investment will be focused on countries with incoming REIT legislation that have high oil/resource underpinned growth, stable governments and navigable property rights;
- Partner with other companies to expedite Company growth.

While it is not intended that the Company should rigidly follow all the policies set out in this paper, these policies contain the guiding criteria for selecting investments. The Company can source ad hoc transactions where there is a view to creating value.

2. MEMBERSHIP

2.1 Composition

- The Investment Committee (the “Committee”) shall have at least three members and the majority should be non-executive and where possible, independent. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Remuneration Committee.

- The Chairman of the Board shall not be a member of the Committee.

2.2 Termination

The Board may terminate membership of any person serving on the Committee on recommendation of the Committee or on recommendation of the Nomination and Remuneration Committee.

3. SECRETARY

The Company Secretary shall be the secretary of the Committee.

4. MEETINGS

4.1 QUORUM

A quorum shall be a majority of members present in person or via telecommunication facilities.

4.2 FREQUENCY OF MEETINGS

The Committee will meet as circumstances dictate.

4.3 NOTICE OF MEETINGS

- Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members.
- Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, any other person required to attend, no later than five working days before the date of the meeting.

4.4 MINUTES OF MEETINGS

- The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- The Minutes of the Committee meetings shall be completed within fourteen days of such meeting and shall be circulated to all members of the Committee and other relevant personnel as directed by the Committee.
- The minutes must be formally approved by the Committee at its next scheduled meeting.
- The Secretary shall incorporate the approved minutes of the meeting of the Committee

in the meeting files prepared for meetings of the Board for noting purposes.

- In addition to the above, the Chairman of the Committee will provide verbal feedback at the meetings of the Board of directors on the Committee's recent activities.

4.5 ATTENDANCE

- The Committee may invite any other relevant person to attend the Committee meetings, but by invitation only. Such persons may not vote on any matters.
- Other Board members shall have the right of attendance with the prior consent of the Chairman of the Committee.

5. MEMBER SKILLS AND TRAINING

- The Committee's effectiveness in performing its duties depends on its members' knowledge and competence in business matters and up to date on developments affecting the areas of responsibility of the Committee.
- The members of the Committee must have sufficient experience and expertise required to perform their functions as set out in this Charter.
- New members should receive an orientation that allows them to function effectively from their date of commencement.
- In exercising its duties, the Committee will be permitted to consult with specialists or consultants subject to prior Board approval.
- Opportunities for continuous education and training on technical issues should be actively pursued by each member.

6. AUTHORITY AND RESPONSIBILITIES

The Committee is responsible for making recommendations to the Board on decisions affecting the portfolio and investment opportunities to grow the portfolio. The Board will determine the Committee's authority level.

The role of the Committee will entail:

- Understanding the Company's investment goals and how the objectives support the Company's mission;
- Adopting, periodically reviewing, and revising the Investment Policy;
- Monitoring the performance of invested funds and ensuring that investments are made in accordance with the Investment Policy; and
- Provide recommendations on buying, selling, refurbishing and developing investments for the portfolio.

7. INVESTMENT FOCUS

7.1 Investment Guidelines

The following table provides guideline investment criteria but each deal should be considered on a case by case basis;

Sector	Tenant**	Vacancy (GLA)	WALE (main tenant)	Lease Currency
Office	Blue-chip or multinational head lease	Max. 5%	Min. 5 years	hard currency*
Retail	Min. 70% A-grade tenants / nationals / anchors	Max. 10%	Min. 5 years	Min. 70% hard currency* #
Light industrial / warehousing	Blue-chip or multinational head lease	Max. 5%	Min. 5 years	Hard currency*
Residential	Blue-chip or multinational head lease	Max. 0%	Min. 5 years	Hard currency*
Hospitality	Blue-chip or multinational head lease	Max. 0%	Min. 5 years	Hard currency*
Schools	Blue-chip head lease	Max. 0%	Min. 5 years	Hard currency*
Hospitals	Blue-chip head lease	Max. 0%	Min. 5 years	Hard currency*
<p>* or where the ability to hedge local currency can be done at minimal cost</p> <p>** the Company will target long-term leases with annual escalations to ensure rental growth</p> <p># the Company will minimise exposure to local trading currencies and mitigate the risk by only investing in centres with high trading densities and where USD income is prevalent e.g. expat communities</p> <p>The targeted first year's yield will be 7.5% in Mauritius</p> <p>The targeted total return will be 12%</p>				

Subject to section 3.7, investment limits (e.g. max per country) won't be set, so that the Company can take advantage of merit driven investment opportunities. However, the ratios will be reviewed periodically by the Investment Committee to avoid concentration risk.

7.2 Investment Gates and Definitions

All investment opportunities will be subjected to three Investment Gates so as to establish their viability. Each opportunity will have to satisfy all criteria of each gate before it proceeds to the next. These Investment Gates (together with their respective criteria) and associated definitions

are defined below:

NO.	TERM	DEFINITION
Gate 1: Country Criteria		
1.1	Repatriation of funds	The flow of funds from foreign territories into Mauritius and the associated conversion of foreign currency into USD.
1.2	Political risk	History of political unrest and the ability to change legislation that could affect our investment.
1.3	Currency Risk	The risk of fluctuating local currency FX rates vs. the US Dollar.
1.4	Land Tenure	The strength of title to land and legislation of ownership.
1.5	Debt	The ability or cost to raise debt.
Gate 2: Target Criteria		
2.1	Sector	Commercial; retail; residential; industrial; hospitality.
2.2	Country Economic Forecast	A rating/synopses of the overall state of the country from an economic perspective – i.e. stable/unstable.
2.3	Ease and Cost of Management	The ease and the cost necessary to ensure the functional operation/management of the property.
2.4	Economic Factors	E.g. – GDP, GDP Growth, GDP per capita, Currency Volatility, Key Exports, Extent of Foreign Direct Investment, Consumer Price Index and Interest Rate.
2.5	Demographic Study	The study of characteristics of a given population over time or space. This includes (but is not limited to) factors such as: the size, structure, and distribution of these populations as well as spending power and cost per capita.
2.6	Pipeline	The existing collection of prospective investment opportunities. The ability to expand the Company's portfolio once the Company has entered into the market (both existing and new stock).
Gate 3: Fundamental Criteria		
3.1	Ownership Structure	The extent of the respective ownership interests of the parties – expressed as a percentage shareholding.
3.2	Infrastructure	Direct-investment into site infrastructure (that alleviates in-country government expenditure that would have otherwise had to be spent) in exchange for tax rebates, deducted as a percentage of building costs over a finite period of time.
3.3	Road Access	The ease with which end-users can access the property using existing tarred roads.
3.4	Total Cost (incl. VAT)	The total purchase consideration payable by the Company in exchange for ownership of the asset, inclusive of VAT, determined in relation to the percentage of the asset to be held by the Company as a proportion of the asset's fair market value.
3.5	Debt Required	The amount of money that needs to be borrowed from a financial institution as a percentage of the Total Cost (incl. VAT).
3.6	MDPH Equity Requirement	The amount of money that needs to be provided internally as a percentage of the Total Cost (incl. VAT).

3.7	MDPH Risk Budget Amount	An equity amount required to cover initial expenses to analyze a deal. These costs are at risk at the analysis stage as the deal is not yet guaranteed to conclude.
3.8	Initial Property Yield	Net operating property income expressed as a percentage of purchase price/development cost.
3.9	Further development phases	The future development of undeveloped portions of the property which comprise the broader master plan of the scheme. Future phases are typically demand-driven, and may include the extension of an existing asset, or the construction of additional uses to complement existing uses.
3.10	Pre-Let Status vs. Condition	The proportion of a property scheme that is let to tenants who have signed binding lease offers/lease agreements prior to the acquisition of the property. The Company's hurdle pre-let conditions are 60% (retail); 70% (other) of GLA.

7.3 Strategic Countries

The Company will target the following countries:

- Morocco
- Mozambique
- Mauritius
- Kenya
- Zambia
- Tanzania
- Botswana
- Uganda
- Ghana
- Ivory Coast

The list is not exclusive and the Company will pursue opportunities in other African countries, specifically where REIT legislation is being introduced.

The above-mentioned countries have been chosen due to:

- Established in-country presence, partnerships and experience;
- Underpinned with hard currency based economies;
- Natural synergies with the European tourism and retail market;
- Strong urbanized and youthful middle class;
- Favorable policy reform;
- Stable government where political risk has been mitigated;
- Sustainable high growth rates;
- Acceptable GDP/spending power per capita;
- Strong inflow of FDI;
- Acceptable sovereign ratings and outlook by ratings agencies; and
- Clear tax regimes.
- Solid economic fundamentals.

7.4 Locality Focus

It is the intention to stay within the major metropolis and cities of each target country but the Company can explore opportunities in (i) areas ear-marked for future growth due to burgeoning industries (e.g. oil and gas) and (ii) areas under-pinned by local and foreign investment from government and multinationals.

Target nodes include;

- High and fast growth areas;
- Older well-established areas that are dominant and relevant;
- Acceptable from an infrastructure and planning approval point of view.

7.5 Property Sector Focus

- Offices;
 - Must form part of a high growth office node;
 - Leases and income referenced to USD or acceptable currency;
 - Long term leases with acceptable counterparties;
 - Minimal retail and residential components in the office buildings.

- Retail shopping centers;
 - Target strip malls, neighborhood centers, convenience centers, retail parks etc. with strong anchor tenant;
 - Leases and income referenced to USD or acceptable currency;
 - Minimal letting risk to be taken and where possible, rental guarantees / zero pricing for vacant space to be applied; and
 - Acceptable mixed-use developments with predictable income flow will be considered.

- Residential;
 - Blue-chip or multinational head lease.

- Light Industrial Warehousing;
 - Blue-chip or multinational head lease;
 - Long term leases with acceptable counterparties;
 - Must form part of a high growth light industrial node;
 - Leases and income referenced to USD or acceptable currency.

- Hospitality;
 - Blue-chip or multinational head lease;
 - Sale and leaseback deal basis;
 - Assume no operational risk;
 - Minimum lease term of 10 years.

- Schools;
 - Blue-chip head lease;
 - Sale and leaseback deal basis;
 - Leases and income referenced to USD or acceptable currency;

- Minimum lease term of 10 years.
- Hospitals;
 - Blue-chip head lease;
 - Sale and leaseback deal basis;
 - Leases and income referenced to USD or acceptable currency;
 - Minimum lease term of 10 years.

7.6 Leasehold Land

Where assets are held on leasehold land, there must be a minimum of 30 years remaining on the leasehold property rights.

7.7 Diversification

As a guideline, the Company should not hold (i) more than 25% of the GAV of the Company in any single investment and (ii) not more than 50% of the GAV of the Company in any single country. However, in certain circumstances the Company may take advantage of merit driven investment opportunities and not adhere to the 2 diversification guidelines above.

Once the Company's GAV nears \$1bn, the single country limitation should be reduced to 30%.

7.8 Strategic Providers and Partners

The Company has or will target relationships with the following counterparties (non-exhaustive list):

- | | | |
|----------------------|-------------------|------------------------------|
| ○ Abland Africa | ○ Ameiya Holdings | ○ Carlisle Property Holdings |
| ○ Capital Properties | ○ RMB Westport | ○ Actis Real Estate |
| ○ Hodari | ○ Inveravante | ○ Bouygues |
| ○ ARM | ○ JAT | ○ Heriot Properties |
| ○ Novare | ○ Petra | |

8. INVESTMENT PROCESS AND DEAL PARAMETERS

Deal Screening and Investment Committee ("IC")

Initial Screening

The deal team will do an initial deal screening to evaluate the proposed transaction in terms of investment parameters and the Company's appetite to enter into the transaction before a detailed analysis is performed.

Deal Forum

After the initial screening process, a deal forum paper (executive summary) will be presented to senior management for approval.

Investment Committee

Following approval by senior management, a more detailed paper addressing all risk and return considerations will then be presented to the IC.

After IC approval, the standard deal and legal implementation process will be conducted by the deal team.

Post Investment Committee

If during full DD, the parameters of a deal previously presented to IC have changed significantly, the IC will be updated accordingly and further approvals sought if necessary.

Investment Horizon

Due to the points below, the Company will hold and not trade assets as a strategy;

- The Company is an Income Return company;
- The developing nature of the focus/strategic countries;
- The time and cost required to secure and implement deals; and
- The undersupply of quality real estate assets on the African continent.

Trading of assets will only be considered on an exceptional basis and must be escalated to board level.

Gearing

At Company level, the target LTV is 50% or lower.

For lease discounting type facilities, the LTV could be higher depending on the strength of the counterparty's balance sheet and cash flows.

Lenders

International and local investment grade banks will be targeted for USD denominated debt funding.

Key considerations on the bank's ability to provide:

- Availability and liquidity in terms of USD funding through the term of the loan;
- Non-recourse, ring-fenced facilities (no Company guarantees);
- No cross-default provisions to apply to other facilities;
- Minimum term of 3 years;
- Interest only facilities; and
- General acceptable debt funding terms and conditions when it comes to default provisions.

Interest rate risk is to be mitigated by fixing a minimum of 50% of the interest, however, the target will be 70% depending on current interest rate environments at the time of funding.

Valuations

Valuation of the property portfolio will be done as and when required, but as a minimum at least the whole portfolio over a 3-year cycle OR a third of the portfolio on an annual basis. Valuations will be performed to comply with any regulatory requirements.

Currency

The Company will target hard currency leases or leases in local currency (“LC”) at hard currency equivalent referenced/spot rates. For LC leases, hedging costs should be minimal and reflected in the purchase price.

The below will be required on all leases:

- Leases must be payable in hard currency or the LC equivalent of the hard currency (at reference/spot rate);
- Where possible, FX risk must be passed to the tenant;
 - A risk exists where tenants are exposed to FX risk by paying their rental in USD while receiving income in LC. A LC depreciation could result in tenant failure. As such, anchor and national tenants should have access to hard currency across their operations or access to hard currency funds.

Political Risk

Consideration must be given to doing business in countries where political risk exists including acts of terrorism. Where applicable and deemed necessary the Company will get Political Risk Insurance (PRI) cover.