ATTACQ

ATTACQ INVESTMENT COMMITTEE

INVESTMENT COMMITTEE CHARTER

1. Members of the Investment Committee

- Members- the Committee shall consist of two senior executives (CEO, CFO and/or COO) and a minimum of three Non-Executive Directors (NED) of which a minimum of two should be Independent Non-Executive Directors;
- Quorum- a quorum shall consist of one senior executive, one of either the Investment Officer or Head of Development and two NED's, including members that cannot be present but have submitted their comments;
- Approval of proposals shall require the majority vote of the members present at the meeting or on a round-robin basis to approve the transaction;
- Round-robin decisions will be allowed, with majority of Non-Executives approving the transaction;
- If a member is conflicted in respect of a particular transaction, such member should recuse himself/herself from voting on a specific transaction;
- The Committee can invite other people to attend meeting where it is deemed necessary;
- Chairperson of the Committee will be the Chair of the Board and if he is not present, then the Chair of the Audit and Risk Committee will Chair the meeting; and
- Should both of them be absent, then the meeting will elect a Chairperson (must be NED).

2. Role and responsibilities

- To evaluate and approve all new transactions above a total capex cost, limited to a maximum threshold amount. Transactions exceeding the maximum threshold amount would be referred to the Board for approval;
- To approve new bank and loan finance on new transactions on the same levels as set out above;
- To approve restructuring of existing debt greater than a set amount;
- To evaluate transactions at a subsidiary level; and
- Review the group's Weighted Average Cost of Capital annually; and
- To ensure that the solvency and liquidity of the Company and fairness of the terms of loans are considered for all transactions.

The authorised/mandated amounts of the Committee will be determined and reviewed on an annual basis by the Board and included in the Attacq board mandate.

3. Mandates received from Attacq board

- Update minimum investment requirements following strategic board sessions;
- Review variances to budgets and capex approvals to ensure no additional approvals are required;
- Take into consideration the quarterly solvency and liquidity test as well as the 12 month rolling cashflow forecast as approved by the Audit and Risk Committee and Board for the relevant quarter;
- Attacq's contractual commitments (excluding employment agreements and building service level agreements ("SLA")) if present value of the contract exceeds R25 million;
- Present value of a contract that exceeds R25 million;
- Variances to budget greater than 10% negative variance or R25 million on total expenses

(operating expenses excluding municipal expenses but including leasing commission, TI and asset management expenses) per building or on the portfolio;

- Building capex budget variances cumulative greater than 10% negative variance or more than R75 million;
- Acquisitions/Mergers/New Developments and Refurbishments (not in Budget) and disposals greater than R75 million and less than R750 million;
- Hurdle rates for SA investments (refer annexure for assumptions to the hurdle rates):
    - For proposals with a pre-tax IRR of 20% or more, the approval of at least 2 Non Executive IC members will be required;
    - For proposals with a pre-tax IRR of less than 20%, the approval of at least 3 Non Executive IC members will be required;
    - Proposals below a 20% pre-tax IRR without the aforementioned approval have to be submitted to the Board for approval. This can be done via round robin resolution;
- Hurdle rates for international investments have been tabulated in the annexure to this document:
    - For proposals with a pre-tax IRR equal to or greater than the applicable pre-tax IRR shown in the annexure, the approval of at least 2 Non Executive IC members will be required;
    - For proposals with a pre-tax IRR of less than the applicable pre-tax IRR in the annexure, the approval of at least 3 Non Executive IC members will be required;
    - Proposals below the applicable pre-tax IRR shown in the annexure without the aforementioned approval have to be submitted to the Board for approval. This can be done via round robin resolution;
- Debt (inclusive of hedging instruments) for approved new transactions with value greater than R75 million and less than R750 million;
- Increase of existing debt on existing buildings/Portfolios smaller and equal to 10% of total interest-bearing debt of Attacq on a consolidated basis as measured at the previous reporting period;
- Restructuring of existing debt greater than R2 billion; and
- Issue of shares for acquisitions previously approved by Investment Committee.

4. Investment Committee meetings

- Meetings will be arranged on ad-hoc basis as and when transactions need to approved
- Adequate time will be allowed to arrange the meeting depending on the urgency of the transaction. The minimum notice period will be five business days unless all the members agree to a shorter notice period.
- Members may participate at the meeting via teleconferencing or video conferencing.
- Housekeeping items should be discussed at least once per annum. Housekeeping items include: evaluation of investment criteria, evaluation of the effectiveness of the Committee, mandates given and updates of the Investment Committee Charter.
- Proper minutes should be kept of each meeting and transactions should be signed off on a transaction-by-transaction basis. The minutes will be reviewed by one of the executive directors and approved by the Chairperson. The signed minutes shall then be presented at the next Investment Committee meeting for noting.
- The results of Round Robin decisions should be circulated to all Investment Committee member within 10 business days after the decision was taken. Round robin decisions should be noted at the next Investment Committee meeting

5. Investment Committee submission

It should include the following:

- Rationale of the investment;
- Salient terms of the investment;
- Proposed structure of the transaction;
- Cash-flow implication, funding options, minimum returns;
- Consideration of regulatory issues;
- Schedule setting out strategic ratios to be monitored in terms of strategy of the Company e.g. developments versus investments, SA investments versus off-shore etc;
- Confirmation of the solvency and liquidity of the Company taking into account the new deal. The Timing for circulating of the transaction information will be a minimum of 5 business days.

The Investment Committee should provide feedback of all transactions approved to the Board.

6. Remuneration of the non-executive Committee members

- A fixed fee per annum as proposed by Remco and approved by shareholders would be payable to the Non-Executive Directors who are members of the Investment Committee.
- Additional meeting fees should be paid should the number of Investment Committee meetings exceed four (4) per annum. Such additional fees will also be determined by the Remco.
- The fees would be paid in arrears on a quarterly basis.

7. Performance/Review

- The Investment Committee Charter will be reviewed on an annual basis and approved by the Board, incorporating changes to the mandates given by the Board;
- The effectiveness of the Investment Committee should be reviewed annually and feedback provided to the Nominations Committee. This evaluation can form part of a holistic review conducted by an independent party.

CHAIRPERSON
INVESTMENT COMMITTEE

APPROVED ON 11 May ***2017***

ANNEXURE

In evaluating a SA Investments, the following needs to be taken into account in calculating returns to compare to the hurdle rate:

- Each project must be viewed as a standalone investment, i.e. no recourse to Attacq must be assumed. If recourse is a requirement, the amount of recourse should be treated as equity in the IRR calculation;
- Returns should be calculated net of any asset or property management fees payable;
- Interest rates assumed should be consistent with the level of hedging as per the hedging policy;

In evaluating international investments, the interest rate differential between countries should be used as a proxy for the return differential to expect from investing in that country. For example, when evaluating an investment in the United Kingdom, the interest rate differential between South Africa and the UK should be used to adjust the hurdle rate for South African investments in order to calculate the expected return for a UK investment.

Hurdle (Pre-tax IRR) Rates for Offshore Investments		
	Highly Liquid (e.g. Cash, listed shares)	Highly Illiquid (e.g. Indirectly held property/minority stake)
Africa (USD)	8.0%	25.0%
Eastern Europe (EUR)	1.5%	18.0%
USA and EU (USD/EUR)	1.1%	16.5%