Aligned
Real Estate Investment Trust Plc

Investment Policy

January 2024

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1. Objective and Scope

The objective of this Investment Policy is to describe the procedures to be followed by the Directors ("Directors") and the Manager and the Members of the Investment Committee of Aligned Real Estate Investment Trust PLC (the "REIT") to ensure an effective allocation of capital that is consistent with the REIT's strategic plan while balancing financial and operational risks to maximize the long-term value of the REIT when selecting assets to expand the portfolio.

Our acquisition criteria balance various factors to ensure we procure the right assets at the right price and uncover opportunities through our active asset management approach.

2. Investment Objective

The REIT's investment objective is to provide shareholders with an attractive, sustainable, stable, dependable and consistent income stream (regular dividends), along with occasional capital growth. The REIT believes this approach will enhance shareholders' total return over the long term.

The REIT aims to provide returns for investors from real estate income and mitigate volatility risks through investments in various real estate classes. However, there are no specific asset allocation weights concerning property type, maximum cost per property, or property location.

3. Portfolio

The REIT aims to achieve the investment objective by investing in and expanding a diversified portfolio of residential, educational, leisure/hospitality, and industrial/logistic assets within Ghana. The REIT will actively manage assets to leverage and enhance returns.

The REIT will invest in assets comprising an interest in freehold or leasehold property (other than by way of security), which meet the following criteria:

- Ghana residential, educational, healthcare, leisure, hospitality, industrial, and logistics assets;
- modern (typically post-2000) constructions; and
- 3rd party newly developed rental assets.

The REIT will seek strategically located assets that have good underlying features, including:

- strong tenant financial covenant;
- opportunities for rental growth and out-performance;
- lease terms focusing on duration and rental growth; and
- positive geographical characteristics, including age and repair, location, building quality, site cover, transportation links, workforce availability, environmental performance, and internal operational efficiencies.

The assets will be situated in established urban city areas, such as the Greater Accra Area, and in urban and rural locations where the REIT sees medium and long-term potential.

The REIT may acquire assets directly or through corporate structures, holdings in SPVs, and assets may be held through limited partnerships, joint ventures, trusts, shared ownership, co-investment arrangements, or other vehicles with third-party co-investors. In circumstances where the REIT does not hold a controlling interest in the relevant investment, the REIT will seek, through contractual and other arrangements to, inter alia, ensure that each investment is operated and managed in a manner that is consistent with the REIT's Investment Policy.

4. Borrowing and Gearing Policy

The REIT aims to enhance returns over the long term using gearing while seeking to fix borrowing rates. Gearing, represented by borrowings as a percentage of Gross Asset Value, will not exceed 40% at the time of investment, conforming to the Ghana Securities Industries (REITs) Guidelines, 2019 (SEC/GUI/001/01/2019).

The REIT defines "Gross Asset Value" as "the value of the assets of the REIT and its subsidiaries from time to time, determined in accordance with the accounting policies adopted by the REIT.

The level of gearing is prudent for the asset class, aiming to achieve a low cost of funds and maintaining flexibility in security requirements and the REIT's structure. The REIT envisions a Loan-To-Value ratio targeting 30% to 40% of the Gross Asset Value as the optimal capital structure for the REIT in the longer term.

The REIT debt financing strategy will focus on minimizing the use of floating-rate debt to reduce cash-flow volatility and obtaining longer-term debt financing when suitable, in accordance with prevailing market terms and conditions.

For financing value-enhancing opportunities, the REIT may temporarily take on additional gearing at the time of an arrangement. Debt is secured at the asset level and potentially at the REIT or special purpose vehicle level, considering key metrics like lender diversity, debt type, and maturity profiles.

The Directors can approve borrowing funds in local or foreign currency. The following provisions apply to these borrowing funds:

- borrowing can be obtained from any reputable commercial bank, the custodian, or its associate on the most favourable commercial terms;
- the total outstanding borrowings, whether in local or foreign currency, at any given time, should not surpass 40% of the net value of the REIT's assets;
- interest and associated expenses in negotiating, entering, varying, executing, and terminating borrowing arrangements will be covered by the REIT's assets;
- to secure borrowing, the REIT has the right to charge or pledge all or part of the scheme's assets. If any assets or documents are temporarily in someone else's custody due to this charge or pledge, it will not be deemed a violation of custody regulations;
- any charge or pledge on scheme assets includes a condition preventing enforcement of the security until thirty days after the Board of Directors receives a written demand for repayment;
- if borrowing is conducted for the REIT's account, deposited assets can be registered in the lender's name or their nominee's name. However, the lender or nominee must commit in writing not to pledge or use these assets for any other purposes; and

- if scheme assets are registered in the lender's name as loan security, the custodian is responsible for any actions or oversights concerning the property.

5. Use of Derivatives

The REIT may utilize derivative contracts solely for efficient portfolio management. Specifically, it may engage in full or partial interest rate hedging or similar instruments to mitigate the risk of interest rate increases. This measure also aims to mitigate the risk of interest rate increases on borrowings incurred within the REIT's portfolio management and in accordance with the gearing limits.

6. Cash Management

The REIT is permitted to hold cash on deposit and invest in cash-equivalent instruments, such as short-term investments in money market funds ("Cash and Cash Equivalents"). The REIT has the flexibility to hold any amount of Cash and Cash Equivalents, and at times, it may be suitable for the REIT to maintain a substantial position in Cash and Cash Equivalents.

7. Investment Restrictions

The REIT will invest and manage its assets with the objective of spreading risk through the following investment restrictions, which apply at the time of investment (applies once the REIT is publicly traded):

- the REIT shall be engaged in the business of investing in income-generating real estate;
- the REIT will allocate at least 75% of its investment assets to real estate;
- the REIT's revenue will come from a minimum of 75% of rents, mortgage interest, and investment income from indirect asset ownership;
- the REIT will have a maximum exposure of 40% of its rental income derived from any single tenant or a single real estate asset;
- the REIT may invest up to 10% of its Gross Asset Value in non-income-producing assets with pre-let tenancies (or otherwise guaranteed income) in place, but which require re-development (such as extending, reconfiguring, and refurbishing existing assets) to realize that income, with the intention of holding any completed re-development as an investment. The investments in this category will not be undertaken speculatively, although the REIT may take options over adjacent land/property. The REIT may finance these assets using, inter alia, forward funding arrangements;
- the REIT may invest up to 10% of its Gross Asset Value in assets that are not producing income at the time of acquisition, including assets that do not have pre-let tenancies (or otherwise guaranteed income) in place;
- at least 90% by value of the assets directly or indirectly owned by the REIT shall be in the form of freehold or long leasehold (over 49 years remaining at the time of acquisition including optional extensions) assets or the equivalent;
- no more than 20% of Gross Asset Value will be invested in assets that are not residential, educational, leisure/hospitality, and industrial/logistics assets;

- the REIT will ensure transactions do not expose any part of held assets to unlimited liabilities or unnecessarily encumber them;
- the REIT will invest solely in assets or securities that possess free transferability; and
- the REIT will not invest in other alternative investment funds or closed-ended investment companies.

Compliance with the above restrictions is assessed immediately following investment, and any non-compliance resulting from changes in the price or value of assets after investment is not considered a breach of the investment restriction.

8. REIT Status

The REIT is committed to retaining its status as a REIT and will comply with all applicable laws of Ghana, including but not limited to the Companies Act, the Securities Industry Act, the Securities Industries (REITs) Guidelines, the Income Tax Act, and its associated regulations, as well as the provisions outlined in the REIT's Constitution.

9. Changes to and Breach of Investment Policy

Any changes to the REIT's investment policy, as outlined above, will require final approval from the Directors and will be advised by the Members of the Investment Committee.

If a breach of the investment guidelines and restrictions outlined above occurs, the Investment Committee will promptly report it to the Directors. The Directors will then actively engage with the Securities and Exchange Commission, reporting the breach if it is found to be in violation of the REIT's Formation Documents or the REITS Guidelines and may have, had, or is likely to have a significant adverse impact on the interests of the shareholders. This reporting will be done as soon as the Directors become aware of the breach.

The Directors approved this Investment Policy on the 15th of January 2024.