

**TERMS OF REFERENCE
FOR
INVISTA REAL ESTATE INVESTMENT MANAGEMENT
HOLDINGS PLC**

INVESTMENT RISK COMMITTEE

1. Introduction

- 1.1 The following are the terms of reference for the Investment Risk Committee (“Committee”) of Invista Real Estate Investment Management Holdings Plc (“Company”).

2. Membership

- 2.1 The Committee comprises the independent Non-Executive Directors of the Company and the Chairman.
- 2.2 The Chairman of the Committee will be one of the Non-Executive Directors.
- 2.3 A quorum of the Committee is any two Committee members.
- 2.4 The composition of the Committee and the Chairman of the Committee are approved by the Board.
- 2.5 The Secretary of the Committee is appointed by the Chairman of the Committee.

3. Attendance

- 3.1 The Invista Director representing Lloyds Banking Group shall be entitled to attend meetings of the Committee as a non-voting observer.
- 3.2 The Committee may invite other persons to attend meetings where appropriate to assist in the effective discharge of the Committee’s duties.
- 3.3 The Chief Executive Officer, the Deputy Chief Executive, the Finance Director and the Chief Risk Officer, will normally be in attendance at meetings, or for selected agenda items as considered appropriate by the Committee Chairman.

4. Frequency of Meeting

- 4.1 The Committee will meet at least four times a year and as necessary.

- 4.2 Any Committee member or the Secretary may call additional meetings as necessary.

5. Authority

- 5.1 The purpose of the Committee is to oversee the work of the Executive Committee in respect of balance sheet investments. In particular the IRC is responsible for ensuring that the risks to the Company of the balance sheet investments are overseen effectively within the context of the Company-wide risk management framework and systems of internal control reviewed by the Audit Committee and approved by the Board.
- 5.2 The Committee is authorised by the Board to undertake any activity within these terms of reference and, in particular, to discharge on behalf of the Board the duties set out in section 6 hereof.
- 5.3 The Committee is authorised to seek appropriate professional advice when it considers this necessary.
- 5.4 Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Chairman of the meeting having a second, casting vote in the event of a tie. A Committee member who remains opposed to a proposal after a vote can ask for his or her dissent to be noted in the minutes.
- 5.5 It is the responsibility of the Chairman of the Committee to maintain these terms of reference for the Committee, to ensure they are reviewed on at least an annual basis and to ensure the effectiveness and efficiency of the Committee.
- 5.6 The Terms of Reference of the Committee shall be made publicly available, explaining the role and the authority delegated to it by the Board.
- 5.7 The Chairman of the Committee will be available in person at the Annual General Meeting of the Company to answer Shareholders' questions about the activities of the Committee.

6. Principal Duties

The Committee is authorised by the Board to perform the following principal duties:-

- 6.1 Review the overall investment strategy and business plan for the Company's balance sheet making recommendations for improvement where appropriate.
- 6.2 Review and challenge proposals for investments and disposals in excess of £15m recommending for approval to the Board for such transactions or any transactions which meet any of the Class Tests contained within the AIM Rules, whichever is the lower.
- 6.3 Monitor, where relevant the market, liquidity and credit risks associated with Invista's balance sheet investments and ensure that all risks are managed within the risk appetites and controls established by the Board.

- 6.4 Keep under review a limited number of key risks, together with risk appetites, associated controls, outstanding mitigating actions and assessment of gross and net risks.
- 6.5 Review the performance of the balance sheet investments, individually and collectively, in absolute terms and in relation to the business plan and targeted IRR.

7. Minutes

- 7.1 The minutes of meetings of the Committee are circulated to all members of the Committee and to nominated recipients within ten business days of the meeting.
- 7.2 The minutes will be approved by the Chairman.