

Western Cape
Communities Trust

Investment Strategy

2018-2025



The Western Cape Communities Trust Investment Strategy was adopted by the Main Trust at their Board of Directors Meeting of 6 December 2017, resolution WCCT 061217-16.

WCCCA
our country...our future





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1. Messages from the Chairpersons

1.1 WESTERN CAPE COMMUNITIES TRUST



I would firstly like to acknowledge and pay my respects to the Traditional Owners, both past and present, of the eleven Traditional Owner Groups who are signatories to the Western Cape Communities Co-Existence Agreement (WCCCA).

The Western Cape Communities Trust (WCCT) was formalised in September 2002. Its primary role is to assume responsibility for the administration, investment,

allocation and custody of income sourced from Rio Tinto and the Queensland State Government in return for the use of lands which support Rio Tinto's mining activities. The WCCT is a perpetual Trust and is currently the largest Aboriginal Trust of this type in Australia. It is completely Aboriginal owned and operated, and has over 1600 Shareholders from the Western Cape York Region of Queensland. The Trust operates under a governance regime which meets the highest of corporate standards. The Trust was formed from the preeminent mining agreement in Australia, the Western Cape Communities Co-Existence Agreement.

As part of the Governance Model of the WCCT, the Board of Directors have established an Investment Committee to supervise, oversee and evaluate the management of the WCCT Investment Portfolio as defined in this overall WCCT Investment Strategy document. In this capacity the Investment Committee will provide advice and recommendations to the WCCT Main Trust Board of Directors regarding relevant investment activities.

This strategy document establishes the foundation for the investment of the WCCT Investment funds.

We believe this Strategy will provide an investment framework for the WCCT to provide a financial base for perpetuity in accordance with the Western Cape Communities Co-Existence Agreement and Trust Deeds.

Loyla Chevathen
Chairperson
Western Cape Communities Trust

1.2 WESTERN CAPE COMMUNITIES TRUST INVESTMENT COMMITTEE



I am honoured to be able to co-present the Western Cape Communities Trust Investment Strategy 2018 – 2025.

The WCCT Main Trust Board of Directors have entrusted this Investment Committee to supervise, manage and evaluate the management of the WCCT Investment Portfolio as defined in this overall WCCT Investment Strategy and its Supporting Document. We will take this role

very seriously as it impacts on the future of the Traditional Owners of Western Cape York who are signatories to the WCCCA.

We acknowledge that we will work closely with the WCCT Main Trust Board of Directors, perform the functions and roles passed to us and carry out the responsibilities required of us under the Investment Strategy, WCCT Trust Deed and Trusts Act 1973.

This Investment Strategy will provide a strong strategic direction to meet the long-term investment intentions and to support the social and economic advancement of the Communities and Traditional Owners of Western Cape York region of Queensland, both now and in perpetuity.

Ernest Madua
Chairperson
Western Cape Communities Trust Investment Committee

1.3 MESSAGE FROM THE EXECUTIVE OFFICER



As Executive Officer of the Western Cape Communities Trust I am responsible for advising Traditional Owners and Board Members on strategies to achieve the aspirations of Traditional Owners now and into the future. I am also tasked with implementing the decisions of Directors and in making their plans and wishes to be realised.

The Trust has developed this revised investment strategy to clearly articulate the overall objective of Traditional Owners to be self-reliant and to develop a long-term sustainable financial situation that will benefit further generations. In this way, the strategy looks to develop an investment portfolio that will provide income so that the Trust and the Sub-Regional Trusts will be able to continue to fund community development and Charitable purposes activities for Traditional Owners in Community in perpetuity long after mining has ceased.

Importantly, as part of the Property Investment portfolio of this investment strategy, the Trust is developing commercial activities that will provide sustainable investment income but also provide jobs for Aboriginal people and make Traditional Owners participants rather than observers on their land. In addition, parts of the property strategy will deliver projects that will showcase Aboriginal Culture and build understanding of Aboriginal Culture by Non-Aboriginal Australians which will hopefully lead to improved inclusion and to assisting in bridging the gap for Aboriginal people.

I am very proud to be part of the solution for the Traditional Owners that I serve and to assisting them to secure their financial future through this investment strategy.

Geoff Fahey
Executive Officer
Western Cape Communities Trust



2. Background of the WCCT

The Western Cape Communities Trust (WCCT) was established by the Western Cape Communities Co-Existence Agreement (WCCCA). It is important to note that the WCCT was created by the WCCCA. The Trust is not a party to the WCCCA.

2.1 WCCCA

The WCCCA, signed in March 2001, is an Indigenous Land Use Agreement (ILUA) over the Rio Tinto mining lease area ML7024 and was registered with the National Native Title Tribunal under the Native Title Act 1993 on 24 August 2001. The ILUA Agreement is between eleven Traditional Owner Groups, four Shire Councils (Aurukun, Napranum, Mapoon and Northern Peninsular Area Regional Council following Local Government Amalgamations in 2008), Comalco (now Rio Tinto), the Queensland State Government and the Cape York Land Council on behalf of the Native Title Parties. The Queensland State Government agreed to provide additional financial benefits on registration of the Agreement as an ILUA.

The eleven Traditional Owner Groups are Alngith, Anathanangayth, Ankamuthi, Peppan, Taepadhighi, Thanikwithi, Tjungundji, Warranggu, Wathayn, Wik and Wik-Waya, and Yupungathi.

The Agreement formally recognises traditional ownership and provides support for Rio Tinto activities in return for land use, and provides a range of benefits including employment, training, cultural heritage and site protection, cultural awareness, support for ranger programs, educational bursaries, relinquishment of land, and an income stream to charitable Trusts established for community support purposes. The agreement also sets out obligations on all parties, particularly the Traditional Owner Groups and Rio Tinto.

The WCCT and its Sub-Regional Trusts were formalised on 23 September 2002 to receive contributions from Rio Tinto and the Queensland Government in return for use of lands and support for Rio Tinto's activities. The Trusts are charitable Trusts for the purposes of Traditional Owner Groups' benefit and not for individual benefit. There are five linked Trusts: the WCCT (Main Trust), the Southern, Central and Northern Sub-Regional Trusts, and the Western Cape Communities Property Trust (Property Trust). This structure reflects Sub-Regional independence, determination and decision-making.

2.2 TRUST DEEDS


Following the signing of the WCCCA, each Trust was created by a relevant Trust Deed. A Trust Deed is a legal document that sets out the purpose for which a Trust has been formed, the rights and obligations of the Trustee (a company incorporated under the Corporations Act 2001) and the Trustee's directors, and describes the Trust's financial management, taxation purposes and details of its beneficiaries (in this case, the eleven Traditional Owner Groups and Councils only).

Each Trust Deed states the rules within which the Trust must operate, prescribes its investment guidelines, and describes how benefits will accrue to Trust beneficiaries under the deed and how benefits will be held (e.g. an appointed Custodian Trustee holds property for each of the WCCT and the Southern, Central and Northern Sub-Regional Trusts). In the case of the Property Trust (a unit Trust), the relevant Trust Deed sets out the rights of the unit holders (the unit holders being the WCCT Trust and each of the Sub-Regional Trusts).

Each Trust Deed sets out the powers and obligations of the Trustee of the Trust. The Trustee Company for each Trust is listed below:

TRUSTEE COMPANY	TRUST
Western Cape Communities Trust Pty Ltd ACN 102 245 607	Western Cape Communities Trust (Main Trust)
Western Cape Communities Trust Pty Ltd ACN 102 245 607	Western Cape Communities Property Trust
WCCT Northern Sub-Regional Trust Ltd ACN 102 245 956	WCCT Northern Sub-Regional Trust
WCCT Central Sub-Regional Trust Ltd ACN 102 246 042	WCCT Central Sub-Regional Trust
WCCT Southern Sub-Regional Trust Ltd ACN 102 246 113	WCCT Southern Sub-Regional Trust
Western Cape Centre Ltd ACN 129 162 652	Company owned by Western Cape Communities Trust Pty Ltd





2.3 ROYALTY REVENUES (RIO TINTO AND QUEENSLAND STATE GOVERNMENT)

Under the terms of the WCCCA, there are three payments received by the WCCT. These are:

1. The Queensland Contribution (QC) paid by the State Government pursuant to:
 - a. Section 1.4 of the WCCT Trust Deed
 - b. Clause 22.3.2 of the WCCCA
2. The Rio Tinto Contribution pursuant to:
 - a. Section 1.4 of the WCCT Trust Deed
 - b. Clause 22.3.1 of the WCCCA
3. The Rio Tinto Support Payment pursuant to:
 - a. Section 1.4 of the WCCT Trust Deed
 - b. Clause 22.3.1 of the WCCCA.

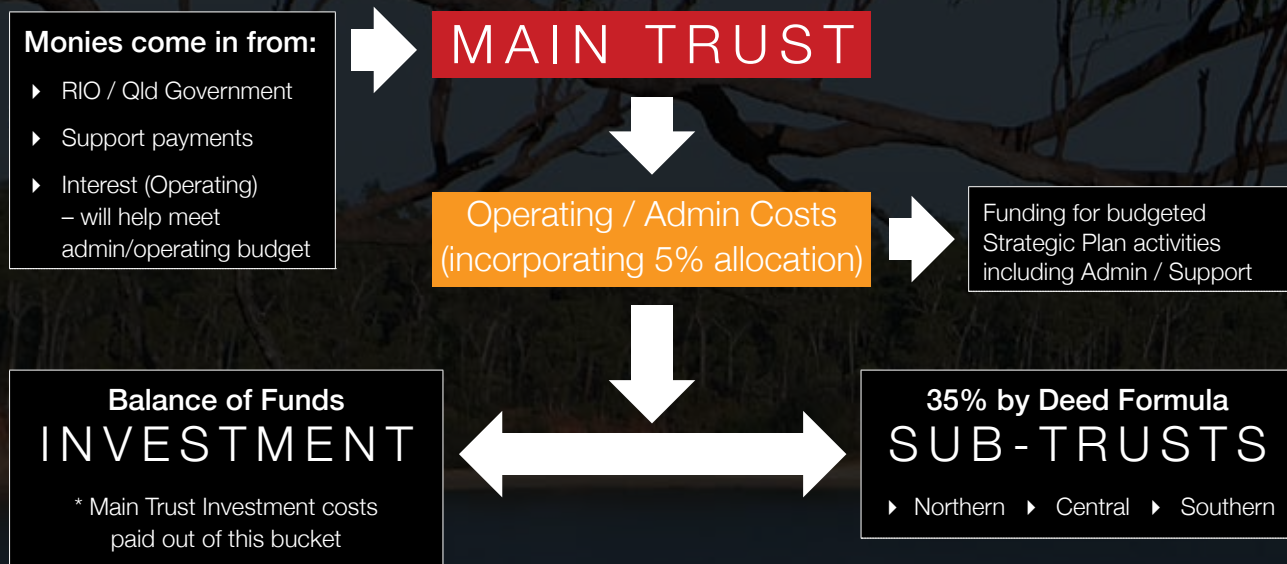
As per the WCCT Trust Deed, these amounts are applied or allocated as follows:

1. Rio Tinto 17% for Traditional Owners via the Sub-Regional Trusts
Rio Tinto annual Support Payment. 100% for Community Support via the Sub-Regional Trusts
2. QC 17% for Traditional Owners via the Sub-Regional Trusts
QC 50% for Community Development Purposes via the Sub-Regional Trusts for Community Development purposes.
3. The unused balance goes into an investment pool as 'Authorised Investments' under the WCCT Trust Deed for the first 20 years of the Trust. Clause 7.9 of the Trust Deed defines 'Authorised Investments' and explains the authorised investment categories.
4. The investments are invested, and re-invested, to provide a substantial pool of funds, income from which will provide benefit to future generations 'in perpetuity', long after mining and the Rio Tinto and QC income streams have ceased.

The distribution of these monies is managed through the WCCT Funding Model (see below). These Investments will be managed through this Investment Strategy.

2.4 FUNDING MODEL

The contribution and support payments from Rio Tinto and Queensland Government received by the WCCT are managed through a funding model defined and endorsed by the Board.



The funding model operates in the following way:

Contributions are received into the WCCT Main Trust bank account. These contributions are received quarterly from Rio Tinto and annually from the State Government.

The amounts received are confirmed by the WCCT Finance Manager and Custodian Trustee against the remittance advice and Rio Tinto formula as defined in Schedule 9, Clause 20 of the WCCCA.

Once confirmed, a quarterly payment of the overall approved Administration Budget is transferred by the Custodian Trustee to the Administration bank account. The Budget has been developed to cover the running costs of the WCCT Administration, including staff wages, meetings and administration, as adopted by the Main Trust Board of Directors.

The distribution of 35% to the Sub-Regional Trusts is then calculated against the Trust Deed formula. This distribution remains in the WCCT Main Trust bank account until the Main Trust Board of Directors makes a resolution for a distribution to occur. A distribution occurs only after advice to the Main Trust is received from the Custodian Trustee that no Sub-Regional Trust has breached its Charitable Trust Guidelines and that funding for each Sub-Regional Trust conforms to its adopted Grant Funding Guidelines and Budgets.

Once this resolution is made by the Main Trust and advice is provided to the Custodian Trustee via the Executive Officer, the distributions to the individual Sub-Regional Trust bank accounts can occur.

The remaining contributions are then transferred into the Investment bank account and invested in line with this Investment Strategy.

2.5 VISION OF THE WCCT

As members of the WCCT and its three Sub-Regional Trusts, we recognise, honour and respect our past, and in unity we seek sustainable advancement and development for the future of our communities.



3. Investment Intentions and Boundaries

3.1 INTENTIONS

The intention of the establishment of the Western Cape Communities Trust is defined broadly:

1. The WCCT has monies to allocate through the Sub-Regional Trusts for
 - a. Traditional Owner Groups, Community Development and Community Support spending under Charitable Purposes.
2. The WCCT has invested, and re-invested, a little more than half its annual royalty income from Rio Tinto and Queensland Government to provide a substantial investment amount from which the income will provide benefit for future generations 'in perpetuity', long after mining and the Rio Tinto and Queensland Government income streams have ceased.
3. Once the mining and Queensland Government income streams cease, distributions from these investments and any re-investment will continue to be allocated to the Sub-Regional Trusts for distributions under Charitable Purposes.

There is no doubt that this is a visionary plan.

3.2 BOUNDARIES

To preserve this intention, certain rules and boundaries have been prescribed in the WCCCA, Trust Deeds and related legislation and documents.

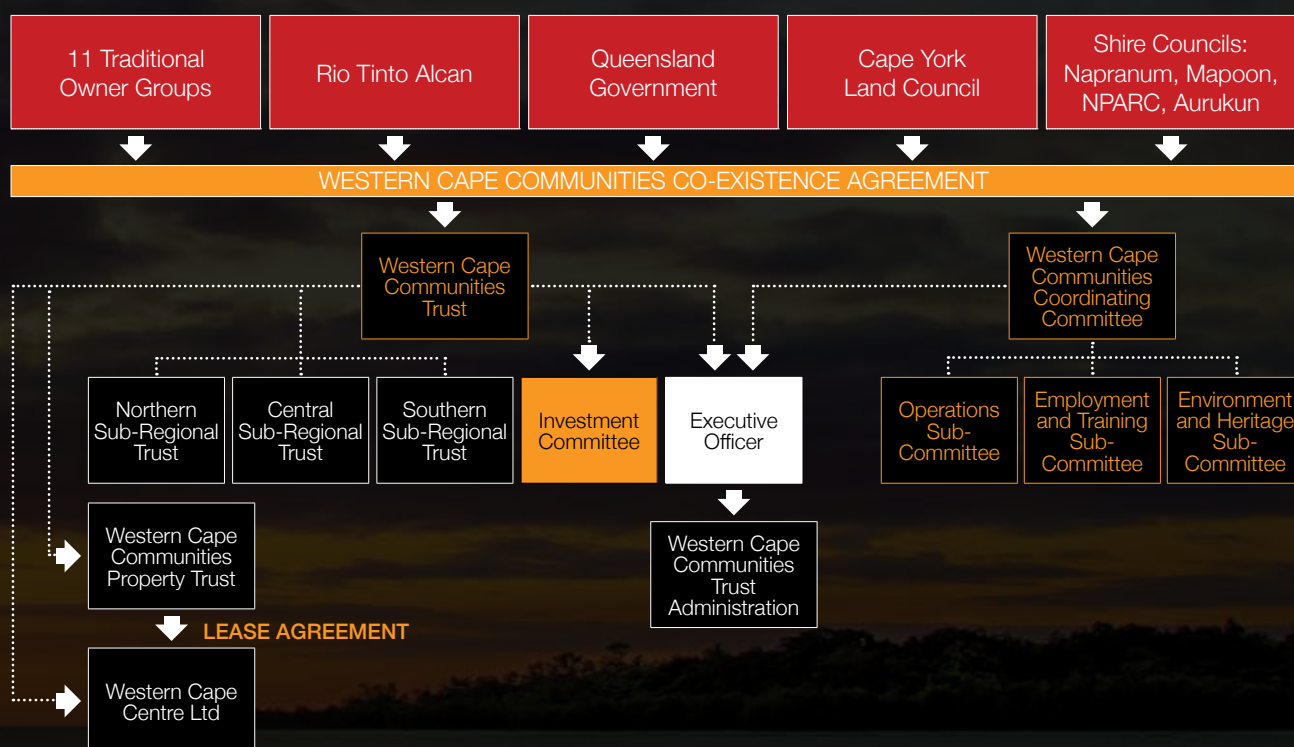
These include:

- Clauses 7.5 - 7.9 of the Western Cape Communities Trust Deed
- Schedule 14 of the WCCCA
- Western Cape Communities Trust Deed dated 2005
- Trusts Act 1973
- Financial Institutions (Queensland) Code means the provisions applying before the transfer date because of the Financial Institutions (Queensland) Act 1992, Section 4.

4. Investment Committee Role and Function

As part of the overall Governance Model of the WCCT, the Board of Directors have established an Investment Committee. The Investment Committee with advice from the Investment Advisor/s, when appointed, will effectively supervise, manage and evaluate the management and performance of the WCCT Investment Portfolio as defined by this WCCT Investment Strategy.

The role and function of the Investment Committee within the overall WCCCA structure has been established and is defined through its own charter, as per the other committees within the following structure.



In that capacity, the Investment Committee will provide advice and recommendations to the Main Trust Board of Directors regarding relevant investment activities as defined in this document. The role of the Investment Committee, as defined by the Investment Committee Charter, includes:

Performing the functions and roles delegated to it by the Main Trust Board of Directors and discharging the responsibilities required of it under the WCCT Investment Strategy, WCCT Trust Deed and Trusts Act 1973

Preparing and annually reviewing the Investment Strategy which will be presented to the Main Trust Board of Directors for approval. All investments shall be made in pursuit of that adopted Investment Strategy

Reporting on each financial year's investment performance as well as providing quarterly updates to the Main Trust Board of Directors

Ensuring that the long-term objective of the Investment Strategy and WCCT Portfolio is sustained

Reviewing over time the appropriateness of the WCCT Investment Portfolio, as defined by the Investment Strategy

Managing the interactions with and performance of the Investment Committee's Independent Advisor(s) and advising the Main Trust Board of Directors accordingly

Ensuring that appropriate communication protocols are established and maintained among the WCCT Investment Committee, the Main Trust Board of Directors, the Investment Advisor(s), the Asset Manager and the Custodian Trustee, with the protocols to include formal reporting at quarterly Main Trust Board Meetings

Ensuring that amongst its members is a 'sound knowledge' of the investment environment in order to comply with the requirements under the Trusts Act 1973.



5. Objective of the WCCT Investment Capital

The overall objective of the WCCT investment capital is:

“To grow its value to a sufficient level to enable the continuation and long-term sustainability of Sub-Regional Trust funding for Community Development and Traditional Owner Group projects at an agreed level upon the conclusion of the WCCCA and cessation of the Rio Tinto and State of Queensland contributions.”

The four investment characteristics (asset classes) that the Main Trust Board of Directors have adopted for inclusion in their strategy are:

1. **Cash and Fixed Interest** – designed to preserve its capital value and derive an interest return that will be re-invested in the portfolio
2. **Shares** – designed to increase in capital value and derive a regular monetary return in the form of dividends
3. **Property** – designed to increase in capital value over time and through development, and provide a regular rental or business income return
4. **Social Investment** – designed to enhance the sustainability of communities and community culture so that the investment's return is measured by its ability

over time to build capacity and self-sustainability of communities and community members and therefore lessen the requirement for financial support.

In determining the appropriate ongoing asset allocation of the above endorsed asset classes within the WCCT Investment Portfolio, the Main Trust Board of Directors considers the following items as part of the annual review of the Investment Strategy:

- Required annual Sub-Regional Trust funding and ongoing administration costs at the conclusion of the WCCCA. This will assist in providing an estimate of the required capital value of the WCCT Investment Portfolio at conclusion of the WCCCA, to provide an ongoing and reliable income stream to fund the annual requirements of the Sub-Regional Trusts and the administration of the WCCT into perpetuity.



- Estimated annual Rio Tinto and QC income streams, available for allocation to the Investment Portfolio.
- Estimated annual return and income the investments within the WCCT Investment Portfolio are expected to deliver.
- Desired allocations to Social investment within the existing Investment Portfolio and any estimated future investments from annual contributions to the Investment Portfolio, whilst acknowledging that Social Investment is not expected to contribute to the overall investment return of the Investment Portfolio.

5.1 INVESTMENT PORTFOLIO ASSET ALLOCATION

The WCCT Investment Committee has considered the various asset classes and has agreed to an Investment Portfolio asset allocation that will incorporate a mix of investments that collectively will deliver our investment objective and support the achievement of the overall vision of the WCCT.

The agreed portfolio investment 'mix' across the key asset classes is shown in the following table. This mix will be reviewed and reassessed over time to ensure that the portfolio is balanced from any future investment risk perspective so that the Main Trust is best positioned to achieve the desired return.

The table shows minimum, maximum and target allocations within each asset class. This means that as the Investment Committee recommends the allocations within the four asset classes, the allocation is always to be at least the minimum allocation in each asset class, and never more than the maximum allocation in each asset class, with the initial allocations to be those percentages represented in the target column. For example, Cash will always be within 10% to 100%, and 40% is what we recommend to be invested in Cash.

	CASH AND FIXED INTEREST	SHARES AND MANAGED FUNDS	PROPERTY	SOCIAL INVESTMENT
Minimum	10%	0%	0%	0%
Target	40%	30%	20%	10%
Maximum	100%	50%	30%	20%

6. Investment Objectives and Strategies

The below provides the Investment Objectives, Strategies, Management, Review and Reporting of the Governance and Management of the Investment Strategy and the four asset classes funds will be invested.

KEY OBJECTIVE 1: GOVERNANCE AND MANAGEMENT

Objectives

To develop the knowledge of WCCT Directors and Members in relation to the WCCT Investment Strategy to ensure the proper management, control and governance of the Investment Portfolio and to satisfy the requirements of the Trusts Act 1973.

Under the Trusts Act 1973, the Trustees or investment committee of a charitable organisation are required to invest funds as a 'prudent person'. Section 8 of the Act states:

"Trustees are expected to have sound investment knowledge, an understanding of the asset allocation process, and should be able to review the relative and absolute performance of investments against stated investment objectives."

Suitably qualified Advisors and Investment Managers will be appointed to manage the asset classes within the Investment Strategy.

Strategy

Knowledge of investments will be developed through a combination of educational methods including:

- Provision of workshops designed to cover:
 - ▶ The Trust Investment Strategy and investment objectives
 - ▶ Understanding of the characteristics of the various asset classes, the nature of risk and return, and the asset allocation process
 - ▶ Monitoring of performance of investments against stated investment objectives
 - ▶ Where to seek more information
- Explanation and presentation of the investment performance of each asset class at each Investment Committee and Main Trust Board of Directors meeting

- A focus topic about asset classes or other investment considerations to be included at each Main Trust meeting.
- Financial prudence in addition to meeting the fiduciary responsibilities set forth in the relevant Acts, documenting the WCCT investment policy will:
- Demonstrate to existing stakeholders and potential donors that the organisation is a good steward of the money it receives
- Protect the organisation's investments from ad hoc revisions of sound long-term investment policy. Having a written investment policy helps maintain a long-term outlook when short-term market movements may be distressing and the policy is in doubt
- Define the criteria against which WCCT can evaluate the appropriateness of different investments and investment managers for the portfolio. In addition, it allows the WCCT to review the performance of the portfolio and the asset classes, which comprise the Investment Portfolio, against established benchmarks
- Provide a 'road map' for new employees or Board members. A well-written Investment Policy Statement can be read, understood and implemented by a person who is new to the organisation. This provides continuity and consistency to the WCCT investment affairs.

The Directors will therefore act:

"As a prudent person, to seek information and explanations to questions they may have and to act at all times in the best interest of the Trust."

Prudent directors will take care to inform themselves about the Trust Investments, its strategies and the allocations to the various asset classes.

Management

To assist Directors with this role:

1. After each WCCT election the Directors will attend a one-day workshop coordinated by the Trusts Executive Officer, Investment Manager(s) and/or Financial Adviser(s).
2. At each Investment Committee meeting a comprehensive update on each asset class and its performance will be provided by the Trust Investment Manager(s) and/or Financial Adviser(s).
3. At each Main Trust meeting the Custodian Trustee will provide a report on any significant investment transactions.
4. At least annually the Investment Committee will conduct a workshop to include the following:
 - a. Review of performance of the existing Strategy and investments
 - b. Re-establishment and review of the Strategy
 - c. Professional update on investment information as a capacity building and education process.

Review and Reporting

The Investment Committee Members and Main Trust Directors will follow best practice by internally reviewing their performance and effectiveness using Director Benchmark Standards.

KEY OBJECTIVE 2: CASH AND FIXED INTEREST

Objective

To invest cash strategically to provide a foundation for the Investment Portfolio in Cash and Fixed Interest based investments delivering a consistent and reliable return above the UBS 90-day Bank Bill Index per annum, whilst preserving capital value.

Strategy

Cash and Fixed Interest based investments are to include investments as authorised in Schedule 2 to the WCCT Trust Deed Extract from Schedule 14 of the WCCCA, for example:

- Deposits with banks and financial institutions, and government and corporate securities

There is to be nil or minimal capital volatility in Cash and Fixed Interest based investments.

Management

To be managed by the Portfolio Manager, in accordance with the guidelines prescribed in the WCCT Trust Deed.

All existing financial controls will continue:

- Portfolio Manager provides monthly statements of accounts to the Executive Officer
- The Finance Manager reconciles the Cash and Fixed Investment statements and provides reports to the Executive Officer
- The Executive Officer provides reconciled statements to the Custodian Trustee for review
- The Custodian Trustee provides update reports to the Main Trust quarterly
- The Custodian Trustee will ensure the Portfolio Manager invests in line with the adopted Investment Strategy

Review and Reporting

The Portfolio Manager will report to the Investment Committee on a quarterly basis in relation to total return from the Cash and Fixed Interest portfolio.

- Total return will comprise income received and capital growth. Total return is to be compared with the UBS 90-day Bank Bill Index
- The Custodian Trustee will ensure the Portfolio Manager invests in line with the adopted Investment Strategy and reports quarterly to the Main Trust
- All Cash and Fixed Interest Investments will be audited by the WCCT Auditors and provided to the WCCT Main Trust Board of Directors for endorsement prior to providing to Shareholders at the Annual General Meeting

KEY OBJECTIVE 3: SHARES AND MANAGED FUNDS

Objective

To diversify the Investment Portfolio into quality Share and Managed Funds based investments to achieve a higher long-term return than Cash and Fixed Interest based investments.

Strategy

Share and Managed Funds based investments are to include investments as authorised in Schedule 2 to the WCCT Trust Deed Extract from Schedule 14 of the WCCCA, and the WCCT

Trust Deed Variation, for example:

- Direct shares and managed funds invested in Australian and international companies. This includes Listed Property listed on the Australian or International Stock exchanges.

Management

To be managed by the Portfolio Manager, in accordance with the guidelines prescribed in the WCCT Trust Deed, Trust Deed Variation, Investment Strategy or any other guidelines prescribed by the Main Trust Board. All existing financial controls will continue:

- Portfolio Manager provides monthly statements of accounts to the Executive Officer
- The Finance Manager reconciles the Shares and Managed Funds Investment statements and provides reports to the Executive Officer
- The Executive Officer provides reconciled statements to the Custodian Trustee for review
- The Custodian Trustee provides update reports to the Main Trust quarterly
- The Custodian Trustee will ensure the Portfolio Manager invests in line with the adopted Investment Strategy

Review and Reporting

- The Portfolio Manager will report to the Investment Committee on a quarterly basis in relation to total return from the Share and Managed Funds portfolio
- Total return will comprise income received and capital growth. Total return for Australian Shares are compared with the S&P/ASX300 Accumulation Index. Total return for International Shares are compared with the MSCI World ex-Australia Index
- The Custodian Trustee will ensure the Portfolio Manager invests in line with the adopted Investment Strategy and reports quarterly to the Main Trust
- All Shares and Managed Funds Investments will be audited by the WCCT Auditors and provided to the WCCT Main Trust Board of Directors for endorsement prior to providing to Shareholders at the Annual General Meeting

KEY OBJECTIVE 4: PROPERTY

Objective

To hold and develop Property, aligned with the vision and direction of the Main Trust, which over time is designed to generate a capital return and an ongoing income stream.

Strategy

To focus on optimising the properties already held to generate income and longer-term capital security and growth. Property can include investments as authorised in Schedule 2 to the WCCT Trust Deed Extract from Schedule 14 of the WCCCA and the WCCT Trust Deed Variation. This includes:

- Active investment in property, such as the Western Cape Centre, and in improving and maintaining that property to result in a net income return per annum and improving its capital value over time
- Trust beneficial property holdings such as an Administrative Centre to reduce WCCT meeting room rental costs and to provide a landmark facility for the Trust's Facilities on the Western Cape
- The Trust can hold property investments that are not income producing but are of strategic benefit to Traditional Owners
- Australian unlisted property Trusts

Management

To be managed by a specialist Property Manager, in accordance with the guidelines prescribed in the WCCT Trust Deed and Trust Deed Variation.

In the case of Property investments, due to the nature of the investment, a range of suitable Operational Support Consultants may be necessary:

- Custodian Trustee to attend to transactional matters of purchases, sales and holding the property following amendment to the Custodian Trustee Agreement to include Property
- WCCT Lawyers to provide legal and contractual advice
- Property Valuer to assess fair market values and rentals
- Architects, Quantity Surveyors and Engineers employed for design, construction and alterations
- Surveyors employed for pre-purchase survey or re-survey on sub-division
- Weipa Town Authority utilised for planning and building approvals

Review and Reporting

- The Executive Officer and/or the Property Manager will report to the Investment Committee on a quarterly basis in relation to net rental income and performance of each property from the Property portfolio
- Total return will comprise income received and capital growth. The benchmark for total return on the Property portfolio, excluding non-income producing strategic investments, is the Mercer/IPD Australian Unlisted Wholesale Property Fund Index
- The Western Cape Centre Ltd Board will continue to report quarterly to the Main Trust regarding the operations of the Western Cape Centre Ltd
- Lease arrangements will be monitored for compliance.
- The Custodian Trustee will ensure the Property Manager invests in line with the adopted Investment Strategy and reports quarterly to the Main Trust
- All Property Investments will be audited by the WCCT Auditors and provided to the WCCT Main Trust Board of Directors for endorsement prior to providing to Shareholders at the Annual General Meeting

KEY OBJECTIVE 5: SOCIAL INVESTMENT

Objective

To identify and invest in social infrastructure and projects within the WCCT communities, which provide a qualitative community social return. It is recognised that quantitative returns from Social Investment may not result and may be difficult to measure. It is understood that funds allocated to this asset class will not impact on the accumulation of capital, which is required to fund the ongoing required annual cash distributions to the three Sub-Regional Trusts and the annual WCCT administration costs, in perpetuity.

Strategy

The WCCT Investment Committee will champion the development of a Social Investment program that is aimed at supporting initiatives that deliver long-term sustainability by generating a consistent benefit within our communities. This reduces the reliance on current funding arrangements from Rio Tinto and the State Government.

It is intended to pursue a strategy whereby Social Investment will be leveraged with government and philanthropic contributions. The Investment Committee is to prepare a draft Policy for the Main Trust and the Sub-Regional Trusts to adopt. The Policy is to:

- Identify and define guidelines for WCCT Social Investment opportunities for consideration
- Identify key focal areas to be addressed
- Consider government and philanthropic partnership expectations with outcomes to be clearly identified
- Consider and adopt benchmark social and financial returns

Projects identified for Social Investment would then be reviewed and approved by the Main Trust and Sub-Regional Trusts in accordance with and based on this policy. Any Social Investment project proposal will be fully scoped and developed before being considered. As a guiding principle the Main Trust will invest in Capital Projects that are retained by the Main Trust and which benefit all communities. For example the Western Cape Cultural Centre and the Cultural Precinct are investments that benefit all communities and Traditional Owner Groups. Capital projects that benefit one of the four communities should be funded by the relevant Sub-Regional Trust along with Social Investment programs (not of a capital nature) that are delivered to benefit members in each of the communities.

Management

To be managed by the Executive Officer, Investment Committee, and members of the Main Trust and relevant Sub-Regional Trust as appropriate in accordance with the Social Investment Policy.

The Investment Committee, having regard to the above policies and guidelines, will review Social Investment proposals to determine whether they are of investment grade and in accordance with the Main Trust Guidelines, and recommend approved projects to the Main Trust or Sub-Regional Trusts for consideration, clearly identifying:

- The nature of the project
- The rationale for recommending it
- The social and financial benchmark returns

Review and Reporting

- The Executive Officer will report to the Investment Committee and or Boards on a quarterly basis in relation to the performance of and benefits provided by the Social Investment portfolio, to be compared against the agreed benchmarks
- It is understood that Social Investment may not provide any income or capital growth
- The Custodian Trustee will ensure that Social Investments made are in line with the adopted Investment Strategy Policy and reports quarterly to the Main Trust
- Social Investment will be audited by the WCCT Auditors and provided to the WCCT Main Trust or Sub-Regional Trust Boards of Directors for endorsement prior to providing to Shareholders at the Annual General Meeting

Western Cape Communities Trust

Incorporating:

Western Cape Communities Trust ABN 47 223 656 890

Western Cape Communities Property Trust ABN 96 361 394 964

Northern Sub-Regional Trust ABN 63 549 473 409

Central Sub-Regional Trust ABN 54 737 842 050

Southern Sub-Regional Trust ABN 57 687 065 776

Western Cape Centre ABN 65 129 162 652

Western Cape Communities Coordinating Committee and its Sub-Committees

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Investment Strategy 2018-2025



WCCCA
our country...our future