A disciplined approach to risk is important in a diversified organisation like ours in order to ensure that we are executing according to our strategic objectives and that we only accept risk for which we are adequately compensated. We are committed to continually improving our risk management framework, capabilities, and culture across the company so as to ensure the long-term growth and sustainability of our business. The annual and on-going elements of the risk management process have been formalised, including the risk identification, assessment and monitoring processes. We place a strong emphasis on embedding a strong risk management culture through all aspects of our business.

Risk Management at Waha Capital

Waha Capital's primary objective is to create long-term shareholder value by leveraging its expertise in managing investments, which necessarily involves undertaking financial risk. Therefore risk management is an integral part of our operations and permeates through every level of the organisation. The Board establishes the control environment, sets the risk appetite, and approves policies and delegates responsibilities under the company's risk management framework.

How Risk Management fits into the Waha Capital Organisation

Our approach to the risk management process comprises the following key components:

- Identification and assessment of risk
- Measurement of risk
- Control of risk
- Monitoring and reporting of risk

Waha Capital strongly believes in a disciplined approach to managing risk and has actively fostered an organisation-wide culture of prudent risk management.

All risk management reviews, decisions and actions are based on an approved enterprise-wide risk management strategy framework supported by:

- a documented risk management policy
- a comprehensive set of policies and procedures
- a risk governance structure incorporating sufficient built-in challenges, checks and balances

Ultimate responsibility for setting risk appetite and the effective management of risk rests with the Board. This is managed through a number of senior executive committees, primarily the Investment Committee and the Risk Committee, which ensure that risk-taking authority and policies are cascaded down from the Board to the appropriate business units.

Risk Management Framework at Waha Capital

Waha Capital's philosophy is to have a strong culture of risk management, combined with a sound risk framework that effectively supports appropriate risk awareness, behaviours and sound risk-based decision making. Our risk management framework recognises that the long-term success of our company is contingent on our ability to effectively understand, accept and manage risk within our business.

Our risk management framework includes:

- a risk management policy which is communicated throughout the company and reviewed annually
- a standard set of key risk areas, categories and definitions
- a standardised and automated risk assessment and reporting tool, including standard risk assessment criteria, and the determination of our risk appetite

- consolidation of risk assessments for each business at the company level to identify organisation-wide impacts and trends, which applies across both our Capital Markets, Private Equity and Principal Investments businesses
- a periodic risk assessment, action planning and reporting cycle, which includes a review of current and emerging risks and their mitigation by the Board, Investment Committee and the Risk Committee
- reporting to the Board on any matters which have arisen from the review of risk management and internal control processes and any exceptions to these processes

Roles and responsibilities for risk management within Capital Markets, Private Equity and Principal Investments are clearly defined at each level – the Investment Committee, the Risk Committee and Risk Management departments. The Investment Committee approves investments and reviews periodic investment activity reports. These reports summarise all investment activity, clearly illustrate investment portfolio risk and return, evaluate compliance with the investment policy and all risk limits, and list exceptions to internal policy and regulatory requirements.

Waha Capital's philosophy is to have a strong culture of risk management, combined with a sound risk framework that effectively supports appropriate risk awareness, behaviours and sound decision making.

Dedicated Risk Management Team is an Integral Part of Our Business

The Risk Management team at Waha Capital sits independently from the Principal Investments and Asset Management (Private Equity and Capital Markets) teams, and constantly monitors and highlights the various types of risks that the company is exposed to. The primary focus is the five key areas of risk that we face today as a business:

Risk Categories	Financial Risk	Operational Risk	Strategic Risk	Compliance Risk	Hazard Risk
Risk Sub-Categories	Market Risk Credit Risk Liquidity Risk Capital Management	Human Capital Technology Legal Corporate Governance	Reputation Competition Partnership	Regulatory Changes Licenses and Permits	Social and Political Unrest Accidents Natural Calamities
Risk Elements	Interest Rates Risk FX Risk Lower Stock Price Higher Expenses Default on Credit Facility Cash Availability Refinancing Budgeting	Key Men Risk Lack/Loss of Talent Outsourcing Individual Development Plans Lack of Adequate Policies and Procedures Outdated Systems and Softwares Litigation/Lawsuits Fraud	Loss of Strategic Shareholders Lack of Investment Opportunities Poor Marketability Failure to Secure Investors	SCA Regulatory Changes Lack of Necessary Licences Non-Satisfactory Central Bank Audit Non-Satisfactory Internal or External Audit Lack of Adequate KYC/AML Processes	Interruption of Business Operations Injury/Illness to Employees Earthquake Fire

- Financial Risk – As an investment management company, managing financial risks is one of our key strengths and a major focus. Principal financial risks include liquidity needs, availability of capital to achieve our growth objectives, interest rate, foreign currency and exchange rate volatility
- Operational Risk – Our people and operations are our greatest assets. Potential operational risks include the areas of governance, technology leadership and security, as well as human capital
- Strategic Risk – Our goal is to be a world-class investment management firm. This requires effective and well-executed strategy, which creates shareholder value and meets shareholder expectations, in order to retain and increase shareholder confidence and benefit the share price. This in turn increases the company's ability to access capital. It is therefore vital to be aware of any risks that may impact strategy
- Compliance Risk – Regulatory developments affecting our business model and profitability arise from governments and regulators continuing to develop policies that may impose new requirements, including in the areas of capital and liquidity management, operational risk, counterparty exposures and business structure. The global nature of our business requires us to be constantly aware of the changing global regulatory and compliance landscape
- Hazard Risk – Macroeconomic and geopolitical risks facing all of our investments

Risk identification across our two key business segments:

- Principal Investments and Private Equity – Risks are continuously assessed, controlled and managed through a comprehensive framework with clearly defined roles and responsibilities – starting at the Board level and permeating through senior management and other levels within the organisation.

Waha Capital has implemented an Enterprise Risk Management platform for its Principal Investments and Private Equity assets based on international standards to help protect and create value for the company's stakeholders. The Enterprise Risk Management process identifies, analyses and manages risks across the entire company. It also allows the company to successfully respond to a changing business environment and seize opportunities

- Capital Markets – Similarly, a comprehensive risk management platform has been developed for Waha Capital's Capital Markets business which applies tight compliance and risk monitoring policies and covers market risk, operational risk, credit risk and liquidity risk for all assets under its scope. It also includes value-at-risk analysis, soft and hard stop loss triggers, interest rates, foreign exchange, credit and macro hedging processes

Principal Investments and Private Equity

We employ a highly developed Enterprise Risk Management (ERM) framework to establish oversight, control and discipline of our Principal Investments and Private Equity assets, to drive continuous improvement of an entity's risk management capabilities in a changing operating environment.

Benefits of Implementing ERM to Waha Capital	
Help align risk appetite with strategy	Build confidence amongst investors
Enhance corporate governance	Identify and manage enterprise-wide risks
Enhance risk response decisions	Respond to changing business environment
Manage risks and seize opportunities	

The Waha Capital Enterprise Risk Management framework consists of:

1. Objective Setting
- Understand objectives and strategies as they pertain to the risk profile of the business
- Identify key stakeholders and "key performance indicators" (KPIs)
- Determine risk appetite level

2. Risk Identification
- Identify internal and external factors affecting achievement of objectives
- Distinguish between risks and opportunities
- Determine identified risks' tolerance levels and record risks within a risk register to help better align with strategy

3. Risk Assessment
- Analyse risks, at the inherent and residual levels, by determining their likelihood and impact
- Determine risk scores by placing the identified risks on the risk matrix

4. Risk Response
- Identify risk responses if the severity level is higher than the established risk tolerance level
- Determine the effectiveness of the risk responses

5. Risk Monitoring and Control
- Develop "key risk indicators" (KRIs) that act as early warning signals
- Develop policies and controls to ensure that risk responses are effectively carried out

6. Risk Reporting
- Identify and capture relevant information in the form of risk reports, scorecards and dashboards
- Analyse the nature of risks, their trend and how they are managed

We primarily apply the Enterprise Risk Management framework to achieve the following goals:

1. Align Strategy and Corporate Culture
- Create risk awareness and an open, positive culture with respect to risk and risk management
- Continue to improve tools for quantifying risk exposures as the businesses evolve
- Increase accountability for managing risks

2. Build Confidence Amongst Investment Community and Stakeholders
- Allows better management of risk to enable stakeholders to make assessments as to whether returns are adequate in relation to risks undertaken

3. Enhance Corporate Governance
- Further strengthens Board oversight, necessitates an assessment of existing oversight structures, clarifies risk management roles and responsibilities, and aligns risk appetite with the opportunity-seeking behaviour

4. Identify and Manage Enterprise-Wide Risks
- Evaluate the likelihood and impact of major events
- Develop responses to either prevent those events from occurring or manage their impact on the entity if they do occur
- Focus on low probability and catastrophic risks in addition to traditional sources of risk
- Increase emphasis on reducing earnings volatility and managing key performance indicator shortfalls to deliver superior returns

5. Enhance Risk Response Decisions
- Integrate risk management into critical management activities e.g. strategy-setting, business planning, capital expenditure and M&A due diligence
- Link risk management to more efficient capital allocation and risk transfer decisions
- Increase transparency by developing quantitative and qualitative measures of risks and risk management performance

6. Successfully Respond to a Changing Business Environment
- Evaluate the assumptions underlying the existing business model and the effectiveness of execution strategies
- Identify alternative future scenarios, the likelihood and severity of those scenarios
- Prioritise the risks and improve the organisation's capabilities around managing those risks

Illustrative Enterprise Risk Management for a PI and IM-PE Investment

Risk Identification Techniques
Questionnaires and Checklists
Workshops and Brainstorming
Inspection and Audits
Flowcharts and Dependency Analysis
SWOT Analysis

Risk Tolerance Levels

Risk Tolerance Level	Description
1	Low
2	Modest
3	Moderate
4	High

Likelihood and impact scores assigned to the risks can be based on either qualitative or quantitative criteria, or both. The cell where the likelihood and impact scores intersect on the matrix represents the "risk score" for the identified risk.

Likelihood & Impact Scores

Likelihood	Description	Impact	Description
1	Remote	1	Insignificant
2	Less Likely	2	Minor
3	Possible	3	Moderate
4	Good Chance	4	High
5	Probable	5	Very High
6	Highly Probable	6	Severe

Risk Score

Severity Level	Equivalent Risk Score
Low	<11
Modest	11 to 21
Moderate	21 to 30
High	>30

Risk Identification Techniques

Likelihood Score

Highly Probable	6	16	22	27	31	34	36
Probable	5	11	17	23	28	32	35
Good Chance	4	7	12	18	24	29	33
Possible	3	4	8	13	19	25	30
Less Likely	2	2	5	9	14	20	26
Remote	1	1	3	6	10	15	21
		1	2	3	4	5	6
		Insignificant	Minor	Moderate	High	Very High	Severe

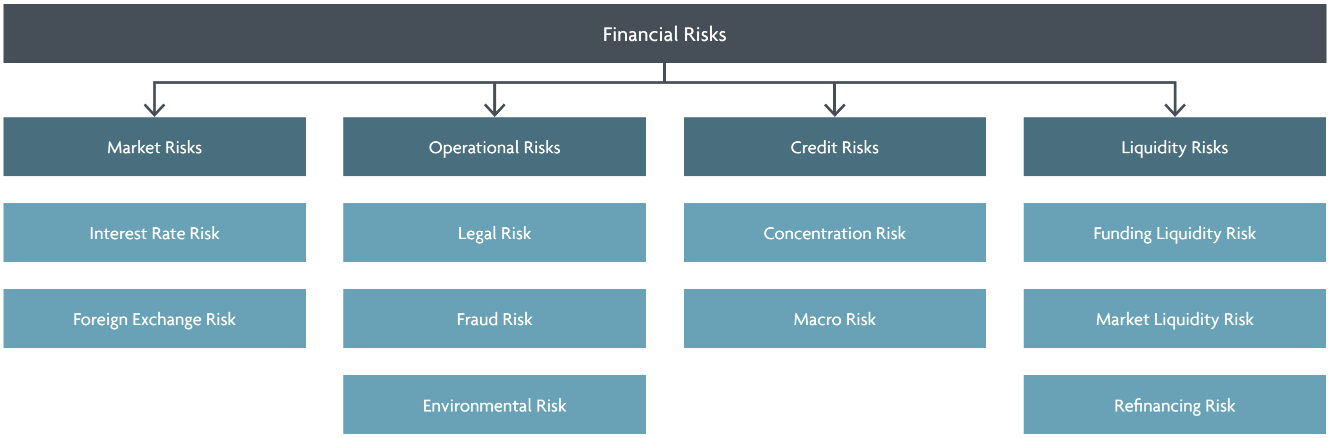
Impact Score

Determining a Risk Score

An identified risk with a good chance of occurrence (likelihood score: 4) combined with a severe impact (impact score: 6), is identified as a high severity risk (red zone, risk score: 33)

Capital Markets

Our investment portfolios are exposed to different financial risks that may have a negative impact on their performance. The main financial risks can be summarised as follows:



Market Risk

- Market risk is the possibility that an asset/position will lose value due to a change in the price of the underlying instrument, a change in the value of an index of financial instruments, changes in various interest rates, and other risk factors
- This includes, in our case, interest rate risk, foreign exchange risk and macro credit risk

Operational Risk

- Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. These include legal and fraud risks in addition to risks related to trading and settlement errors. The management of these risks requires putting in place adequate procedures and operational controls

Credit Risk

- The possibility of loss due to a counterparty's or an issuer's default, or inability to meet contractual payment terms

Liquidity Risk

Liquidity risk can be split into three categories:

- Market liquidity risk – the possibility that an instrument cannot be obtained, closed out, or sold at (or very close to) its economic value. As individual markets evolve, their liquidity will gradually change, but market liquidity can also fluctuate rapidly during periods of market stress
- Funding liquidity risk – the risk that the funds will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs, without affecting either daily operations or the financial condition of the portfolio. This may be due to some specific market events, such as the liquidity squeeze observed after the Lehman bankruptcy
- Refinancing risk – the risk of not being able to replace maturing liabilities which may trigger a forced liquidation of assets

Risk Management in Capital Markets

The Capital Markets business faces a fundamentally different variety of risks to the Principal Investments or Private Equity business. While Principal Investments and Private Equity assets tend to be multi-year investments, Capital Markets investments are generally significantly shorter in tenure, and are therefore more significantly vulnerable to market volatility. We employ an extremely disciplined approach to risk management of the Capital Markets portfolios, which are monitored on a continuous basis by the Risk Management team.

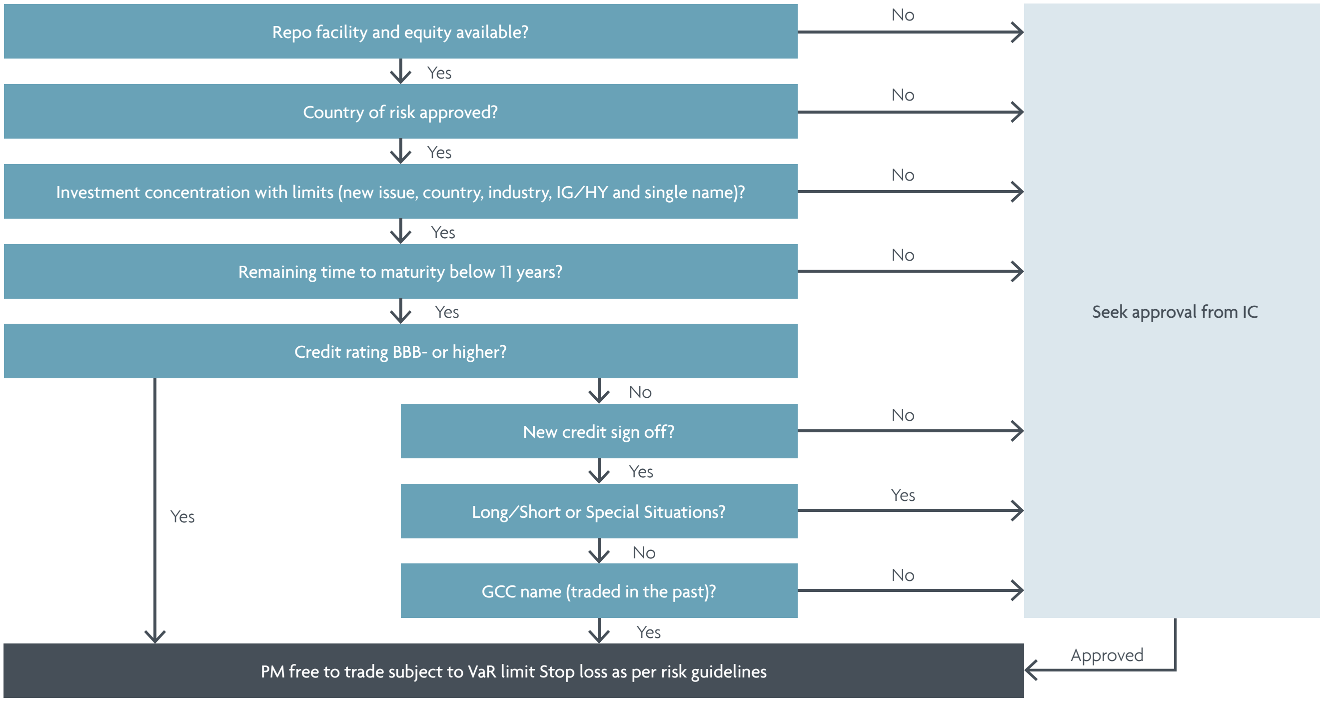
Role of the Investment Committee

- The Investment Committee approves investments proposed by the portfolio managers
- The Investment Committee reviews investment activity reports produced by the Risk Management team on a weekly basis (daily during periods of high volatility)
- These reports (i) summarise all investment activity, (ii) clearly illustrate investment portfolio risk and return, (iii) evaluate the portfolio managers' compliance with the investment policy and all risk limits, and (iv) list exceptions to internal policy and regulatory requirements
- The Investment Committee ensures compliance with internal policies and regulatory requirements

Role of the Risk Committee

- The Risk Committee exists to approve and amend new risk policies and meets when required
- The Risk Committee defines responsibilities of different parties in implementing the risk policy
- New policies or amendments are proposed by the risk manager after detailed discussions with the Risk Committee and Portfolio Management team members
- The implementation of approved risk policies is monitored on a daily basis by the Risk Management team
- Any breach of the Risk Management policy is reported following the action plan detailed in the related policy

The investment approval process is illustrated below:



Investment approval process

After a detailed fundamental analysis of the target investable market, the portfolio managers propose a list of investments to the Risk Committee for approval. Most new investments require the portfolio managers to submit a detailed investment paper to the Risk Committee for approval.

Risk Management Tools

Risks are managed through the use of several tools, including:

- Stop loss policies – The stop loss policy relates to a pre-determined loss exposure limit. If the loss on a security position or a sub-portfolio exceeds pre-set loss limit set by the Risk Committee, the breach will be flagged to the committee members to take the appropriate action
- VaR limits – The VaR is usually used to quantify the level of financial risk within an investment portfolio over a specific time frame. The VaR policy is implemented at the portfolio level and sub-portfolio level, and gives an indication of the expected losses over a specified period of time, taking into account the current composition. We calculate the liquidity-adjusted value at risk (LAVaR) for individual positions using return volatility over the last five years. This allows us to compare positions with different fundamentals and sensitivities. This method takes liquidity cost of individual positions into consideration and assesses it using bid-offer spreads
- Macro hedging policies – A number of limits are set to monitor the concentration risk of the portfolio. These limits are fixed and any breach has to be addressed with the Risk Management team. Various hedging tools are used to mitigate the risk as per Investment Committee approvals
- Interest rate hedging policies – Interest rate movements represent a major risk to fixed income investments even if the primarily criteria for bond selection is positive views on credit. The management of IR risk is therefore required to appropriately position the portfolio
- FX hedging policies – Similar to interest rate hedges, we employ FX hedges for non-USD bonds as required to achieve the right risk/return profile of the portfolio
- Other limits – Other limits such as concentration limits by issuer, sector and geography are also set

Monitoring of the Policy

Securities are monitored daily by the Risk Management team. If any of the limits are breached, a notification is automatically sent to the Risk Committee, and the portfolio manager has to propose corrective actions. The Risk Management team produces a portfolio overview report, which allows management to track the portfolio performance and positions on a weekly basis, and even daily during times of stress.