RISK MANAGEMENT POLICY

Revision History		
Revision reference	**Date**	**Description of changes**
V.01	October 2020	
V.02	December 2020	Updated the Risk Management Framework Expanded on risk assessment to incorporate final scoring and degree of severity.
V.03	November 2021	- Changed review of the policy from quarterly to annually.
V.04	November 2022	- Aligned the risk management framework diagram with latest design in the Integrated Annual Report – FY2022.

Table of Contents

1. PURPOSE

The purpose of risk management for Grit Real Estate Income Group Limited ("Grit") and its subsidiaries (together the "Grit Group") is to adequately identify issues before they occur, to enable risk management related strategies to be planned and implemented, as and when needed. Accordingly, the risk management process mitigates the adverse impact that these potential issues may have on the business objectives of Grit Group.

2. BACKGROUND

Risk manifests itself in a range of ways and may have a positive and/or negative outcome for any company. It is vital that those responsible for the stewardship and management of an entity are aware of the best methods for identifying and subsequently managing such risks.

Managing risks is equally important for Grit Group in line with its strategies. While the expansion of our activities across the different countries and sectors may diversify our exposure to risks, the Board of Grit is continuously aware of the hazards associated with our expansion strategy. At Grit, the aim of risk management is to consistently enhance our approach towards the identification of risks that could impact targeted key performance indicators in the short and long term, and the implementation of mitigating actions that would involve processes and controls to reduce such impacts.

The management of risk requires the adoption of the right behaviour (4T) in the face of risk:

- Take the risk, when it is tolerable and insignificant
- Treat the risk when it can be reduced by internal control
- Transfer the risk when it is too high but it can be transferred to a third party
- Terminate the risk when it is too high, and where it cannot be reduced and is beyond the risk appetite.

Successful risk management is the process that achieves the most efficient combination of controls necessary to provide reasonable assurance that the Company's mission, commitments, and objectives can be achieved safely and reliably.

Grit's Risk Tolerance

The Group's risk tolerance is set by the Board and is the level of risk that the Group is willing to accept to achieve its strategic objectives.

An overall LOW tolerance to risk (risk appetite) has been set.

3. SCOPE OF APPLICATION

The policy applies to the entire Grit Group and all other operations within the business.

Whilst the policy is applicable to the entire Grit Group, including Grit Services Limited (GSL), given that the latter holds an asset Management Licence, a Global Headquarter Administration Licence and a Global Treasury Activities Licence from the Financial Services Commission, GSL has an obligation to carry out risk assessment of its business and accordingly has a Business Risk Assessment Manual and Risk (Client) Profiling Manual in place, which are to be read along with this policy.

4. OBJECTIVE

Grit has a number of clear objectives for risk management, which this policy is intended to help achieve.

These are to:

- Identify, assess, mitigate and report on different types of risks that will undermine the achievement of Grit's strategic objectives.
- Establish clear responsibility for the management of strategic, operational and emerging risks.
- Promote the importance of effective risk management.
- Drive business improvements for key decision-making.
- Develop our reputation as a well governed, trustworthy organisation with efficient work ethics.

5. GENERAL PRINCIPLES

The Board and Risk Committee should:

- satisfy themselves that management systems include clear processes and appropriate controls.

- apply risk management standards and requirements that are aligned to the relevant regulators as may be applicable.

- possess a reasonable knowledge of the risks specific to the entire spectrum of the Group's activities.

- ensure that the processes and controls in place enable complete, timely, relevant, accurate and accessible risk disclosure to shareholders and other stakeholders.

- oversee and ensure Management's continual monitoring of risk, as well as Management's consideration and implementation of appropriate risk responses that involve the 4Ts.

6. REVIEW OF THE POLICY

The Risk Committee will review the policy on an annual basis as may be required, which will include an assessment of the effectiveness of the framework and the risk register(s), which would be reviewed quarterly. The Risk Committee will also discuss any revisions that may be required and recommend the same to the Board for approval.

7. RISK MANAGEMENT PROCESS

Risk Management Activity	Methodology and Response
Identification of risks Risks are identified through workshops between the Directors, members of the C-Suite and senior management team, and appointed Risk Champions using analytical techniques, independent reviews as well as historical data and past experience. The continuous review of the Group's strategy and operating environment ensures that Grit does not become complacent and that any changes to the risk factors are considered in a timely manner.	• Discussions with key employees at all levels • Use of various risk identification tools including questionnaires, workshops, monthly management reports, etc. • Analysis and moderation of information received • Alignment with Group strategic objectives, risk appetite, Grit's core values and significant business decisions.
Identification of existing controls Grit has put in place policies, processes and procedures for all business units, as well as various systems controls.	• Meetings with members of the C-Suite and senior management team and appointed Risk Champions to identify existing controls for each identified risk. • Identification of risk owners. • Process walkthroughs to corroborate controls.
Risk assessment Following the identification of a potential risk, the members of the C-Suite and senior management team and Risk Champions undertake a detailed assessment process to: • Gain sufficient understanding of the risk to allow an effective and efficient mitigation strategy to be determined; • allow the root cause of risks to be identified; • estimate the probability of the risk occurring; and • understand the Group's current exposure to the risk and the "target risk profile" which will be achieved following the completion of mitigation plans.	• Continuous engagement with key stakeholders to measure the likelihood/impact of identified risks • Ratings linked to inherent risks (prior to implementing existing or planned controls) and to residual risks (after implementing existing or planned controls). • Stress-test the Group's income statement, balance sheet and cash flow position over a period of two years or more, using the working capital model, in order to establish the "target risk profile" post implementation of mitigation plans. *(Refer to the detailed step-by-step workflow for explanation on how calculations are performed in the working capital model for each module.)*
Risk response and action plan The risks identified are documented in a group wide risk register, which is a Live document. Controls and procedures are implemented in response to identified risks with the aim of reducing the Group's risk exposure, so that it is aligned to or below our risk appetite. The mitigation plans are in place for our key risks.	• Documentation of risks in a group wide risk register • Analysis of the impact of identified risks in isolation and when combined with other risks • Analysis of risk ratings against appetite level • Perform Gap analysis as well as risk and reward assessment • Establishment of short, medium or long-term risk responses • Deployment of risk improvement plans aligned with risk appetite • Creation of risk mitigating actions timelines and

	trackers
Monitoring As part of our risk management procedures, the Risk department, the Senior Management team and Risk Committee routinely conduct monitoring exercises to ensure that risk management activities are being consistently applied across the Group, that they remain sufficiently robust and to identify any weaknesses or enhancements which could be made to the procedures. Monitoring activities include: • the regular review and updating of risks and the group wide risk register; • independent third-party reviews of the risk management process to provide further assurance of its effectiveness; • informing the Board about new risks and changes to existing risks; • monitoring how the risk profile is changing for the Group; and • providing assurance that risks are being managed effectively and where any assurance gaps are in existence, identifiable action plans are being implemented.	• Regular monitoring of risk management activities • Review of risk management performance using risk Indicators and rating of residual risks • Regular review of the relevance of risk management actions for specific risks.
Reporting Continuous reporting is done through the various forums and via several channels.	• Risk dashboard (analysis of the principal risks) in monthly management reports. • Reporting to the Board and Risk Committee. • Top-down feedback per the Group's risk management framework and continuous improvement. • Continuous engagement with members of the C-Suite and senior management team.

8. RESPONDING TO RISK

Controls and procedures are documented as part of various Group policies, which are implemented in response to identified risks with the aim of reducing the Group's risk exposure, so that it is aligned to or below the risk appetite of Grit Group. To this end, the Risk Management policy should be read in consideration of all other Group policies and procedures. Mitigation plans should be in place at all times for all risks that are a threat to the Group.

9. RISK GOVERNANCE

The Risk Committee has responsibility for the review of the adequacy and effectiveness of the Group's internal control and risk management framework. This is a delegated responsibility of the Board who has overall responsibility for Grit's risk management. The Board and Risk Committee are both responsible for determining the nature and extent of the principal risks that the company is willing to take in line with the business model and in achieving the company's strategic objectives i.e. assessing the company's risk appetite and tolerance.

Once the risks have been identified, the Board and Risk Committee need to agree on how these risks will be managed and mitigated and keep the company's risk profile under review. Grit has a number of clear objectives for risk management which this policy intends to help achieve.

10. RESPONSIBILITY & RISK MANAGEMENT FRAMEWORK

Risk owners for each Group function/operating divisions within the business (see bottom segment of pyramid) are responsible for identifying risks within their function. The COO and Head of Integration have ownership of developing and implementing the Risk Management Framework and building the Group Risk Register.

The responsibility of ensuring adherence to the policy has further been delegated to the Head of Integration, who coordinates with the members of the C-Suite and the Heads of each department or their appointed Risk Champion to ensure that risk management is done on a live basis.

This policy should be read along with Grit's Risk Management Framework (the "RMF"), which is a bottom-up process for risk identification, with risks identified at Group Functions/Operating Divisions and being fed up to C-Suite/Senior Management Team and reported to the Risk Committee with risk severance scoring. The RMF also highlights the different aspects around risk management across the Group, with clear identification of risk owners and responsible parties.

The Risk Management framework and reporting structure within the Grit Group is as shown in the structure diagram below:

Grit's risk management framework is designed to consider reducing the uncertainty around the likelihood and/or impact of a risk, as a primary approach to treating identified risk, after which the risk is transferred to third parties with more capacity or specific skill sets, and where the risk is deemed too severe to breach our risk tolerance in consideration of our strategic objectives, it is eliminated. Our risk management framework is built in consideration of the Group strategy at all times. Managing risk at Grit entails quarterly working sessions with risk owners, during which we identify and assess current and emerging risks (inherent and residual) to acceptable levels of severity and harness risk management tools and techniques for informed business decisions and performance optimization. Our risk management framework and procedures are regularly reviewed and enhanced to ensure all plausible and emerging risks are appropriately identified and managed.

POLICY	ISSUE DATE	LAST REVIEW DATE	VERSION	DEPARTMENT	APPROVED BY	Date Approved
P-Compl_Risk	Nov. 2020	Nov. 2022	No. 4	Risk	Risk Committee	Nov. 2022

11. RISK CLASSIFICATION

The following risks have been identified for the Group:

Strategic	Business model and governance, execution of strategic initiatives and mergers & acquisitions.
External	Competition, market/pricing volatility, political environment and catastrophic events.
Financial	Financial reporting, capital adequacy and liquidity and financial market risks.
People and Culture	Staff turnover, talent management and change management.
Operational	Client, credit, fraud, operational, key suppliers, sourcing, contracting, procurement, business continuity risks and inadequate contracts management.
Information Technology	Information and technology risk, information/data security & protection and cyber crime.
Compliance	Inadequate governance, non-compliance to FSC guidelines/regulations, non-compliance to policies and procedures, inadequate contract management.

The above risk classification would be reviewed by the C-Suite/Senior Management annually or as required and recommended to the Risk Committee and Board for approval. Upon revision and approval, the Head of Integration would ensure the risks are formally communicated to all Heads of departments and risk champions across all jurisdictions.

12. RISK RATING

The Group's Risks are rated according to the following two aspects:

- Likelihood of occurrence; and
- Magnitude of impact.

to which a score is allocated as follows:

Likelihood of occurrence	Score
Remote	1
Unlikely	2
Possible	3
Likely	4
Almost certain	5

Magnitude of impact	Score
Insignificant	1
Minor	2
Moderate	3
Major	4
Catastrophic	5

Proposed likelihood of risk occurrence – likelihood is typical measured in ranges such as the following:

Description	Risk occurrence criteria
Almost certain	Event is expected to occur in most circumstance
Likely	Event could occur in many circumstances
Possible	Event may occur at some time
Unlikely	Event may occur in rare circumstances
Remote	Event may occur in exceptional circumstances

13. MAGNITUDE OF IMPACT

Magnitude of impact at Grit is measured in a range from "Catastrophic" to "Insignificant", with "Catastrophic" having the highest magnitude of impact i.e. 5 and "Insignificant" having the lowest magnitude of impact i.e. 1.

The table below shows the criteria for categorisation of magnitude of impact of each risk. The impacts of Operating risks are to be quantified to establish the category of impact.

Refer to table below for risk impact criteria for each impact category within the range.

Risk number	Description	Risk impact criteria
5	Catastrophic	Greater than (rental income*10%=A) loss in gross Serious diminution in reputation Sustained loss of market share Significant prosecution and fine
4	Major	Between (rental income*7.5%=B) – A loss in gross Reputation will be affected in the short term Market share will be affected in the short term
3	Moderate	Between (rental income*5%=C) – B loss in gross There is some impact on reputation There is some impact on market share
2	Minor	Between (rental income*2.5%=D) – C loss in gros Consequences can be absorbed under normal o Potential impact on market share Potential impact on reputation Reportable to regulator, no follow up required

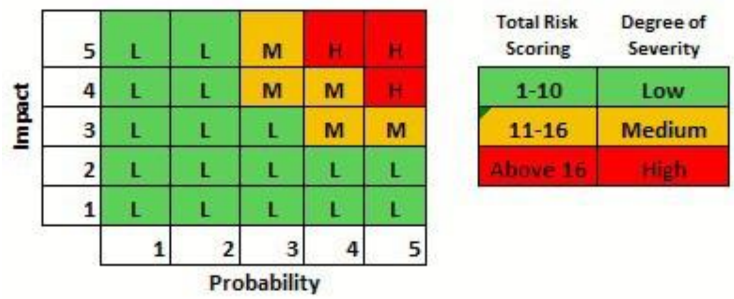
The criteria applied for categorising the magnitude of impact of risks to which the Grit Group is exposed would be reviewed annually by the C-Suite/Senior Management Team and recommended to the Board and Risk Committee for approval. Upon review and approval, the Head of Integration would ensure the criteria are formally communicated to all Heads of departments and risk champions across all jurisdictions.

14. DEGREE OF SEVERITY

Subsequent to establishing the scores for likelihood of occurrence and magnitude of impact, the final step is to aggregate these scores. The likelihood of every risk is multiplied by its impact to give the aggregated score which would be used to establish the degree of severity of that risk. Degree of severity is based on ranges, where:

- Any aggregated score between 1 and 10 would be attributed a ***Low*** degree of severity
- Any aggregated score between 11 and 16 would be attributed a ***Medium*** degree of severity
- Any aggregated score above 16 would be attributed a ***High*** degree of severity

Refer to the table below for a pictorial illustration of how the degree of severity of every risk is established:



Impact					
5	L	L	M	H	H
4	L	L	M	M	H
3	L	L	L	M	M
2	L	L	L	L	L
1	L	L	L	L	L
	1	2	3	4	5
	Probability				

Total Risk Scoring	Degree of Severity
1-10	Low
11-16	Medium
Above 16	High