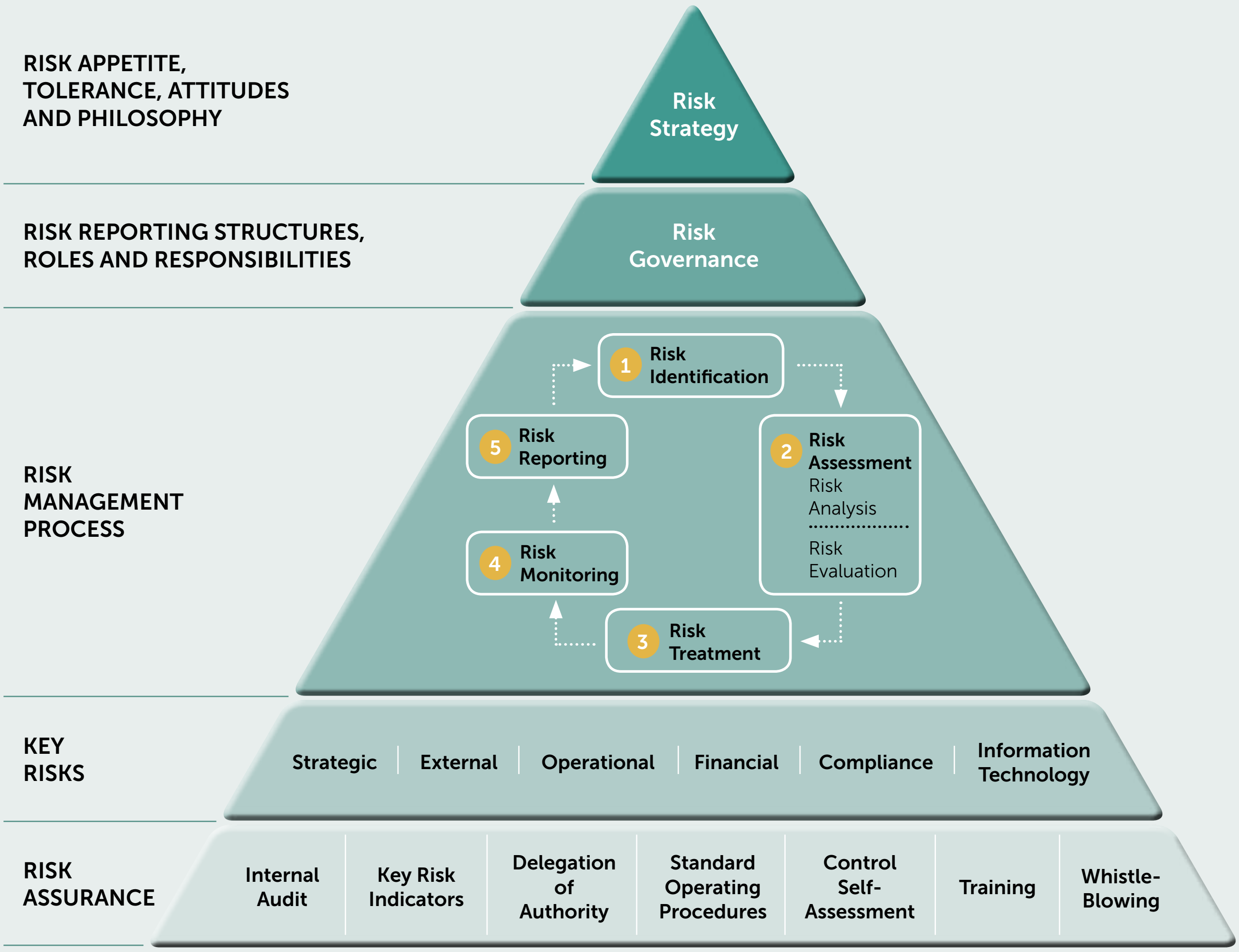
RISK MANAGEMENT

Risk Management continues to be an integral part of the Manager's business strategy in order to deliver sustainable and growing returns. To safeguard capital while creating value for Unitholders, the Manager proactively manages risks and embeds the risk management process as part of the planning and decision making process.



STRONG OVERSIGHT AND GOVERNANCE

The Board is responsible for determining the overall risk strategy and risk governance, and ensuring that the Manager implements sound risk management and internal control practices. The Board also approves the risk appetite and tolerance statements, which set out the nature and extent of risks involved to achieve the Manager's business objectives. The Board which is supported by the AC, comprises directors whose collective diverse experience and knowledge serve to give guidance and provide strategic insights to the Manager. The AC has direct access to the Sponsor's Risk Management Department, which it engages with quarterly as part of its review of MIT's portfolio risks.

At the Manager, the risk management culture involves both top-down oversight and bottom-up engagement from all employees. This ensures a risk approach that is aligned with its business objectives and strategies for MIT, and is integrated with operational processes for effectiveness and accountability.

The Manager's ERM framework is adapted from the International Organisation for Standardisation ("ISO") 31000 International Risk Management Standards. It is dynamic and evolves with the business which provides the Manager with a holistic and consistent process for the identification, assessment, monitoring and reporting of risks. The Sponsor's Risk Management Department works closely with the Manager to review and enhance the risk management under the guidance and direction of the AC and the Board. A Control Self-Assessment framework further reinforces risk awareness by fostering accountability, control and risk ownership, and provides additional assurance to the Board and the Manager that operational risks are being effectively and adequately managed and controlled.

ROBUST MEASUREMENT AND ANALYSIS

The Manager's risk measurement framework is based on Value-at-Risk ("VaR"), a methodology which measures the volatilities of market and property risk drivers such as rental rates, occupancy rates, capital values, interest rates and foreign exchange rates. It takes into consideration changes in market environment and asset cash flows. To complement the VaR methodology, other risks such as refinancing, tenant-related and development risks are also assessed, monitored and measured as part of the framework where feasible.

With the VaR methodology, risks are measured consistently across the portfolio, enabling the Manager to quantify the benefits that arise from diversification across the portfolio and to assess risk by asset class, risk type and country. The Manager recognises the limitations of any statistically-based system that relies on historical data. Therefore, MIT's portfolio is subject to stress testing and scenario analyses to ensure that the business remains resilient in the event of unexpected market shocks.

RISK IDENTIFICATION AND ASSESSMENT

The Manager identifies key risks, assesses their likelihood and impact on the business, and establishes corresponding mitigating controls. The information is maintained in a risk register that is reviewed and updated regularly. The key risks identified include but are not limited to:

STRATEGIC RISKS

Market risk

MIT's portfolio is subject to real estate market risks such as rental rate and occupancy volatilities and country specific factors including competition, supply, demand and local regulations. Such risks are quantified, aggregated and monitored for existing assets and prospective acquisitions. Significant risk profile changes or emerging trends are reported for assessment and/or action.

Investment risk

The risks arising from investment activities are managed through a rigorous and disciplined investment approach, particularly in the area of asset evaluation and pricing. All acquisitions are aligned with MIT's investment strategy to enhance returns to Unitholders, increase income or to grow capital. Sensitivity analysis is performed for each acquisition on all key project variables to test the robustness of the assumptions used. For significant acquisitions, independent risk assessments are conducted by the Sponsor's Risk Management Department and included in the investment proposal submitted to the Board for approval. All investment proposals are subject to rigorous scrutiny by the Board (or the delegated Management Committee), in accordance with the Board's approved delegation of authority.

Upon receiving the Board's or Management Committee's approval, the investment proposals are then submitted to the Trustee, who is the final approving authority for all investment decisions.

RISK MANAGEMENT

The Trustee also monitors the compliance of the Manager's executed investment transactions with the Listing Manual of the SGX-ST, MAS's Property Funds Appendix and the provisions in the Trust Deed.

Project development risk

New development projects usually take a few years to complete, depending on the project size and complexity. To mitigate the risk of development delays, cost overruns and lower than expected quality, the Manager has put in place stringent pre-qualifications of consultants and contractors, and continually reviews the project's progress.

EXTERNAL RISKS

Economic and political risks

To manage country risks such as economic uncertainties or political turbulence in countries where it operates, the Manager conducts rigorous country and real estate market research and monitors economic, geopolitical and political developments closely.

OPERATIONAL RISKS

Comprehensive operating, reporting and monitoring guidelines enable the Manager to manage day-to-day activities and mitigate operational risks. To ensure relevance, the Manager regularly reviews its standard operating procedures and benchmarks them against industry practices where appropriate. Compliance with standard operating procedures is assessed under the Control Self-Assessment framework and reinforced through training of employees and regular reviews by the Sponsor's Internal Audit Department.

Human resource risk

Loss of key management personnel and identified talents can cause disruptions to the Manager's business operations and hinder the achievement of its business objectives. The Manager has put in place succession planning, talent management, competitive compensation and benefits plans to reward and retain performing personnel.

Property damage and business disruption risks

In the event of unforeseen catastrophic events, the Manager has in place a business continuity plan and crisis communication plan that should enable it to resume operations with minimal disruption and loss. MIT's properties are insured in accordance with industry norms in their respective jurisdictions and benchmarked against those in Singapore.

Credit risk

Credit risk is mitigated from the outset by conducting tenant credit assessment as part of the investment due diligence process prior to an acquisition. For new and sizeable leases, credit assessments of prospective tenants are undertaken prior to signing of lease agreements. On an ongoing basis, tenants' credit worthiness is closely monitored by the Manager's Asset Management Department and arrears are managed by the Manager's Credit Control Committee, which meets regularly to review debtor balances. To further mitigate risks, security deposits in the form of cash or banker's guarantees are collected from prospective tenants prior to commencement of leases, where applicable.

FINANCIAL RISKS

Financial market risks and capital adequacy are closely monitored and actively managed by the Manager and reported to the Board on quarterly basis.

At the portfolio level, the risk impact of interest rate and currency volatilities on value is quantified, monitored and reported quarterly using the VaR methodology. Refinancing risk is also quantified, taking into account the concentration of loan maturity profile and credit spread volatility.

Interest rate risk

MIT hedges its portfolio exposure to interest rate volatility arising from its borrowings by way of interest rate swaps and fixed rate borrowings.

Foreign currency risk

Where feasible, after taking into account cost, tax and other relevant considerations, the Manager will borrow in the same currency as the underlying assets to provide some natural hedge. To mitigate foreign exchange rate risk and to provide investors with a degree of income stability, a large proportion of rental income receivable from overseas assets is hedged using forward contracts and secured in Singapore Dollar terms.

Liquidity risk

The Manager actively monitors MIT's cash flow position and funding requirements to ensure significant liquid reserves to fund operations and meet short-term obligations (see Corporate Liquidity and Capital Resources section on pages 78 to 79).

The Manager also maintains sufficient financial flexibility and adequate debt headroom for MIT to fund future acquisitions. In addition, the Manager monitors and mitigates bank concentration risks by having a well-diversified funding base. The limit on MIT's aggregate leverage ratio is observed and monitored to ensure compliance with MAS's Property Funds Appendix.

COMPLIANCE RISKS

Regulatory risk

The Manager is committed to complying with the applicable laws and regulations of the various jurisdictions in which it operates. Non-compliance may result in litigation, penalties, fines or revocation of business licenses. The Manager identifies applicable laws and regulatory obligations and embeds compliance to these laws and regulations in day-to-day business processes.

Fraud risk

A comprehensive corporate governance framework has been established to maintain responsible and transparent business practices. The framework contains specific guidelines on anti-corruption practices – such as the prohibition of bribery, acceptance or offer of gifts and entertainment.

The Manager has also put in place a whistle-blowing policy to allow employees and stakeholders to raise any serious concerns about any danger, risk, malpractice or wrongdoing in the workplace while protecting them from reprisals.

Compliance with the policies and procedures is required at all times, which include policies on ethics and code of conduct, safe work practices and professional conduct. If an employee is found guilty of fraud, dishonesty or criminal conduct in relation to his/her employment, the Manager will take appropriate disciplinary action, including termination of employment.

INFORMATION TECHNOLOGY RISK

Concerns over the threat posed by cybersecurity attacks have risen as such attacks become increasingly sophisticated. The Manager has in place comprehensive policies and procedures governing information availability, control and governance, and data security. An information technology disaster recovery plan is in place and tested annually to ensure business recovery objectives are met. All employees are required to do a mandatory online training on information technology security awareness to ensure that they are aware of potential cybersecurity threats. There is also constant monitoring of Internet gateways to detect potential security event. In addition, network vulnerability assessment and penetration testing are also conducted regularly to check for potential security gaps.

RIGOROUS MONITORING AND CONTROL

The Manager has developed internal key risk indicators that serve as an early-warning system to highlight risks that have escalated beyond agreed tolerance levels. The Manager has also established required actions to be taken when risk thresholds are breached.

Every quarter, the Sponsor's Risk Management Department presents a comprehensive report to the Board and the AC, highlighting key risk exposures, portfolio risk profile, results of stress testing scenarios and status of key risk indicators. The Board and the AC are also kept abreast of any material changes to MIT's risk profile and activities.