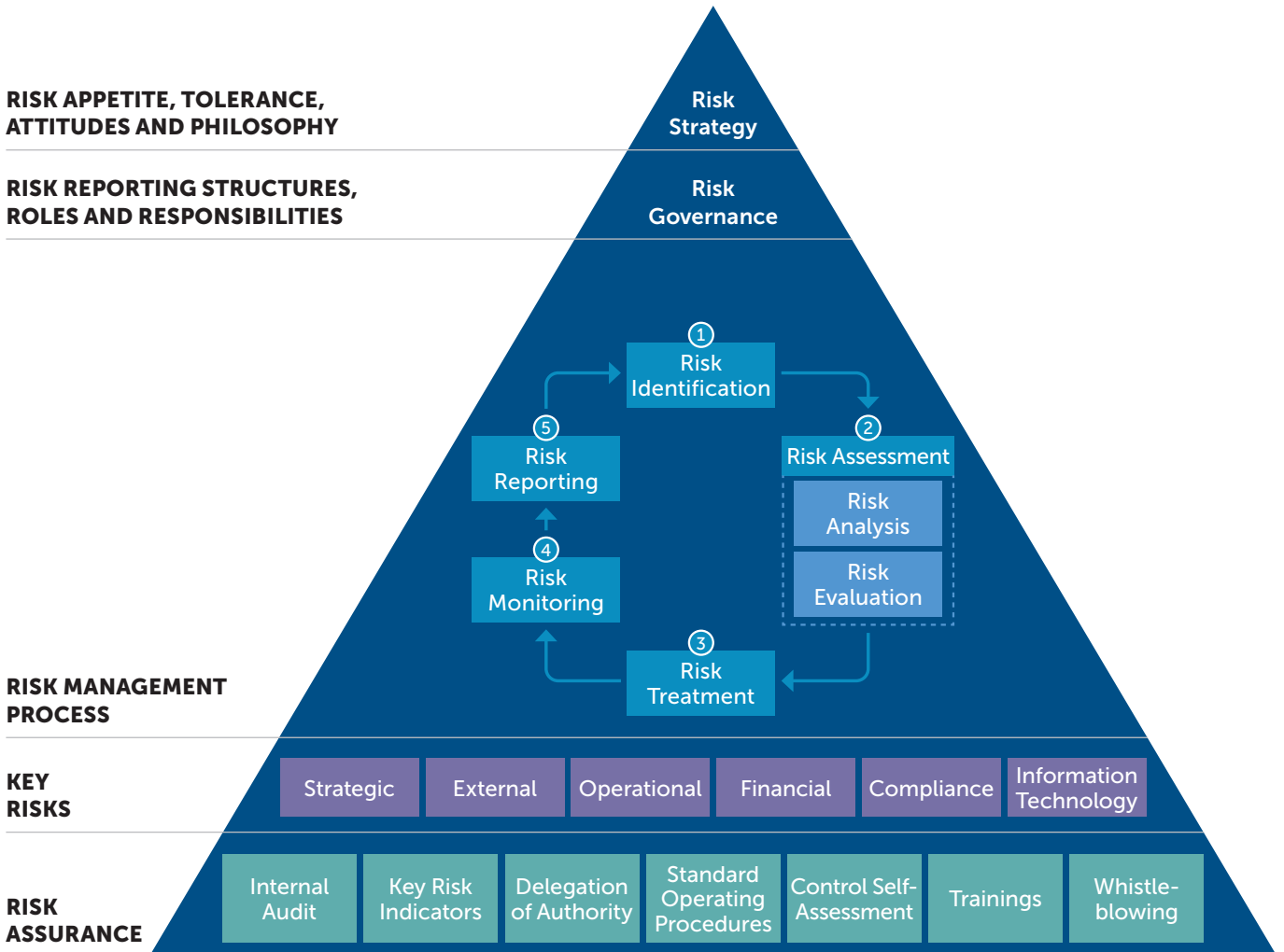


RISK MANAGEMENT

Risk Management is an integral part of the Manager’s business strategy to deliver sustainable and growing returns. To safeguard and create value for Unitholders, the Manager proactively manages risks and embeds risk management into the planning and decision-making process.



STRONG OVERSIGHT AND GOVERNANCE

The Board is responsible for determining the overall risk strategy and risk governance, as well as 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 that can be taken 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 on a quarterly basis as part of its review of MIT’s portfolio risks.

For the Manager, the risk management culture involves both top-down oversight and bottom-up engagement with all employees. This ensures a risk approach that is aligned with the business objectives and strategies for MIT, which is also

integrated with operational processes for effectiveness and accountability.

The Manager’s ERM framework is adapted from the International Organisation for Standardisation (“ISO”) 31000 Risk Management. It is dynamic and evolves with the business, thus providing 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 continually review and enhance the risk management system in accordance with market practices and regulatory requirements, 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, as well as provides additional assurance to the Board and the Manager that key operational, financial, compliance and information technology risks are 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.

The VaR methodology measures risks consistently across the portfolio. It enables the Manager to quantify the benefits that arise from diversification across the portfolio and to assess risk by country, asset class and risk type. The Manager recognises the limitations of any statistically based analysis that relies on historical data. Therefore, MIT's portfolio is subject to stress tests 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, as well as 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, as well as country specific factors including competition, local regulations, supply and demand dynamics. 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. Sensitivity analysis is also 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 approval from the Board or Management Committee, the investment proposals are then submitted to the Trustee, which is the final approving authority for all investment decisions.

The Trustee also monitors the compliance of the Manager's executed investment transactions with the Listing Manual of the SGX-ST, MAS' 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 risks of development delays, cost overruns and lower than expected quality, the Manager has put in place stringent pre-qualifications of consultants and contractors, as well as regular reviews of the projects' progress.

External Risks

Economic and geopolitical risks

Elevated geopolitical risks, tight supply conditions and the COVID-19 pandemic continue to pose significant uncertainties to the global economic outlook. To manage such economic and geopolitical risks, the Manager conducts rigorous country and real estate market research and monitors the economic, geopolitical and political developments closely.

To mitigate the adverse impact on the financial performance of MIT's properties, the Manager has extended rental reliefs to support eligible tenants, where warranted, and also adopted flexible leasing strategies to maintain a high portfolio occupancy. Additionally, the Manager will seek suitable acquisition opportunities in these markets to diversify MIT's income stream and enhance the resilience of the portfolio.

Environmental risk

With climate change and the associated changes in climate regulations, as well as the increasing focus on reducing carbon emissions to mitigate environmental risk, the Manager identifies asset enhancement initiatives, where feasible, to improve the environmental performance of MIT's properties. The Manager sets targets for carbon emission reduction as well as water and energy efficiency, and will continue in its efforts of adopting renewable energy sources and attaining green building certifications, where feasible.

Environmental risk due diligence is incorporated as part of the investment considerations, and exposure scans to physical risks of existing properties are conducted periodically. The Manager monitors evolving changes in climate regulations and engages various stakeholders in environmental, social and governance ("ESG") initiatives discussions proactively.

For more information, please refer to the Sustainability Report as set out on page 106 to 148 of this Annual Report.

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

The loss of key management personnel or inability to attract, grow and retain key talent and management personnel 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 attract, reward and retain performing personnel.

Property damage and business disruption risks

In the event of unforeseen catastrophic events such as COVID-19, the Manager has a business continuity plan as well as a crisis communication plan to resume business operations

RISK MANAGEMENT

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.

Health and safety risks

The Manager places utmost importance on health and safety of its stakeholders. Safety practices have been incorporated in MIT's standard operating procedures, which include fire emergency plans and regular checks on fire protection systems. Checks on required certificates and permits are also performed regularly to ensure compliance with regulatory requirements. In view of COVID-19, additional measures such as stepping up the frequency of cleaning and disinfecting of common areas, as well as increasing the availability of hand sanitisers within properties, have been taken to enhance properties' cleanliness and hygiene levels. For more information, please refer to page 130 of this Annual Report.

Credit risk

Credit risk is mitigated from the outset by conducting tenant credit assessments 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, who meets regularly to review debtor balances. To further mitigate credit 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 of MIT 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

The Manager prudently manages exposure to interest rate volatility from MIT's borrowings through interest rate derivatives and fixed rate debts.

Foreign exchange 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 sufficient liquid reserves to fund operations, meet short-term obligations, and achieve a well staggered debt maturity profile (see Corporate Liquidity and Capital Resources section on pages 77 to 78 of this Annual Report).

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' 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 MIT operates. Non-compliance may result in litigation, penalties, fines or revocation of business licenses. The Manager identifies applicable laws and regulatory obligations and ensures compliance with these laws and regulations in its 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 also has a whistle-blowing policy that allows employees and stakeholders to raise any serious concerns, dangers, risks, malpractices or wrongdoings in the workplace while protecting them from reprisals.

Compliance with the policies and procedures is required at all times. This includes 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 reserve the right to take appropriate disciplinary action, including termination of employment.

Technology and Cyber Risks

Concerns over the threat posed by cybersecurity attacks have risen as such attacks become increasingly more prevalent and sophisticated. The Mapletree Group has in place comprehensive policies and procedures governing information availability, control and governance, as well as data security. A disaster recovery plan is in place and tested annually to ensure business recovery objectives are met. All employees are required to complete a mandatory online training on cybersecurity awareness to ensure that they are aware of potential cybersecurity threats. On top of the constant monitoring of internet gateways to detect potential security incidents, network vulnerability assessments and penetration testing are also conducted regularly to identify 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 such as COVID-19 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.