

CORPORATE GOVERNANCE

The Manager of MIT is responsible for the strategic direction and management of the assets and liabilities of MIT and its subsidiaries (collectively, the “Group”). As a REIT manager, the Manager is licensed by the Monetary Authority of Singapore (the “MAS”) and holds a Capital Markets Services Licence for REIT management (“CMS Licence”).

The Manager discharges its responsibility for the benefit of MIT and its unitholders (“Unitholders”), in accordance with the applicable laws and regulations as well as the trust deed constituting MIT (as amended) (the “Trust Deed”). To this end, the Manager sets the strategic direction of the Group and gives recommendations to DBS Trustee Limited, in its capacity as trustee of MIT (the “Trustee”), on the acquisition, divestment and enhancement of assets of the Group.

The Manager’s roles and responsibilities include:

- carrying out and conducting the Group’s business in a proper and efficient manner and conducting all transactions with or for the Group on an arm’s length basis and on normal commercial terms;
- preparing annual budget proposal with forecast on gross revenue, property expenditure, capital expenditure and providing explanations on major variances against prior year’s actual results and written commentaries on key issues and any other relevant assumptions. The purposes of such proposals and analyses are to chart the Group’s business for the year ahead and to explain the performance of MIT’s properties compared to the prior year; and
- ensuring compliance with applicable laws and regulations, including the Securities and Futures Act (Chapter 289 of Singapore), the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Code on Collective Investment Schemes (“CIS Code”) issued by the MAS (including Appendix 6 of the CIS Code, the “Property Funds Appendix”), the Singapore Code on Takeovers and Mergers, the Trust Deed, written directions, notices, codes and other guidelines that MAS may issue from time to time and any tax rulings.

The Manager is committed to complying with the substance and spirit of the Code of Corporate Governance 2012 (the “Code”). The following describes the main corporate governance policies and practices of the Manager with reference to the Code and, where there are any deviations from the principles and guidelines of the Code, explanations for such deviations.

(A) BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: Effective Board

Our Policy and Practices

The Manager adopts the principle that an effective Board of Directors (the “Board”) for the Manager is one which is constituted with the right core competencies and diversity of experience, so that the collective wisdom of the Board can give guidance and provide insights as well as strategic thinking to the management team of the Manager (“Management”).

The key roles of the Board are to:

- guide the corporate strategy and direction of the Manager;
- ensure that the Management discharges business leadership and demonstrates the highest quality of management with integrity and enterprise; and
- oversee the proper conduct of the Manager.

The positions of Chairman and Chief Executive Officer (“CEO”) are held by two separate persons in order to maintain effective oversight. The Board has also established the Audit and Risk Committee (the “AC”) and the Nominating and Remuneration Committee (the “NRC”), each of which operates under delegated authority from the Board, to assist the Board in discharging its oversight function.

The Board comprises nine Directors, of whom eight are Non-Executive Directors and four are Independent Directors.

The following sets out the composition of the Board:

- Mr Wong Meng Meng, Non-Executive Chairman and Director
- Mr Soo Nam Chow, Chairman of the AC and Independent Non-Executive Director
- Mr John Koh Tiong Lu, Lead Independent Non-Executive Director and Member of the AC
- Mr Seah Choo Meng, Non-Executive Director and Member of the AC
- Mr Wee Joo Yeow, Chairman of the NRC and Independent Non-Executive Director
- Ms Mary Yeo Chor Gek, Independent Non-Executive Director and Member of the NRC
- Mr Hiew Yoon Khong, Non-Executive Director and Member of the NRC
- Mr Wong Mun Hoong, Non-Executive Director
- Mr Tham Kuo Wei, Executive Director and CEO

CORPORATE GOVERNANCE

The Board comprises business leaders and distinguished professionals with banking, legal, real estate, strategic planning, management and accounting experience.

The diverse professional backgrounds of the Directors enable Management to benefit from their external, varied and objective perspectives on issues brought before the Board for discussion and deliberation. Each Director is appointed on the strength of his or her calibre, experience, stature, and potential to give proper guidance to Management for the business of the Group. In addition, the Board considers additional factors such as the age,

gender and educational background of its members. The profiles of the Directors are set out in pages 20 to 23 of this Annual Report. The Board is of the view that the present principal directorships included in their individual profiles are sufficient in informing Unitholders of their principal commitments. The Board meets regularly, at least once every quarter, to review the business performance and outlook of the Group and deliberate on business strategy, including any significant acquisitions, disposals, fund-raisings and development projects undertaken by the Group.

The meeting attendance of the Board, the AC and the NRC for FY16/17 is as follows:

		Board	AC	NRC
Number of meetings held in FY16/17		5	5	3
Board Members	Membership			
Mr Wong Meng Meng (Appointed on 7 September 2010) (Last reappointment on 26 September 2014)	Non-Executive Chairman and Director	5	N.A. ⁽¹⁾	N.A. ⁽¹⁾
Mr Soo Nam Chow (Appointed on 7 September 2010) (Last reappointment on 26 September 2014)	Chairman of the AC and Independent Non-Executive Director	5	5	N.A. ⁽¹⁾
Mr John Koh Tiong Lu (Appointed on 7 September 2010) (Last reappointment on 26 September 2014)	Lead Independent Non-Executive Director and Member of the AC	5	5	N.A. ⁽¹⁾
Mr Seah Choo Meng (Appointed on 7 September 2010) (Last reappointment on 29 September 2015)	Non-Executive Director and Member of the AC	5	5	N.A. ⁽¹⁾
Mr Wee Joo Yeow (Appointed on 7 September 2010) (Last reappointment on 29 September 2015)	Chairman of the NRC and Independent Non-Executive Director	4	N.A. ⁽¹⁾	3
Ms Mary Yeo Chor Gek (Appointed on 15 March 2013) (Last reappointment on 30 September 2016)	Independent Non-Executive Director and Member of the NRC	5	N.A. ⁽¹⁾	3
Mr Hiew Yoon Khong (Appointed on 7 September 2010) (Last reappointment on 30 September 2016)	Non-Executive Director and Member of the NRC	5	N.A. ⁽¹⁾	2
Mr Wong Mun Hoong (Appointed on 7 September 2010) (Last reappointment on 29 September 2015)	Non-Executive Director	5	5 ⁽²⁾	N.A. ⁽¹⁾
Mr Tham Kuo Wei (Appointed on 23 July 2010) (Last reappointment on 30 September 2016)	Executive Director and CEO	5	5 ⁽²⁾	N.A. ⁽¹⁾

Notes:

⁽¹⁾ N.A. means not applicable.

⁽²⁾ Attendance was by invitation.

The Board has also approved a set of delegations of authority which sets out approval limits for investments and divestments, development, operational and capital expenditures and treasury activities to be undertaken by the Group. Approval sub-limits are also provided at various management levels to facilitate operational efficiency as well as provide a system of checks and balances.

The Board's approval is required for material transactions to be undertaken by the Group, including the following:

- equity fund-raising;
- acquisition, development and disposal of properties above Board-prescribed limits;
- overall project budget variance and *ad hoc* development budget above Board-prescribed limits;
- debt fund-raising above Board-prescribed limits; and
- derivative contracts above Board-prescribed limits.

Each Director is given a formal letter of appointment setting out his or her duties and obligations under the relevant laws and regulations governing the Manager and the Group. The Manager also has in place an orientation programme to brief new Directors on the Group's business, strategic directions, risk management policies, the regulatory environment in which the Group operates and the governance practices of the Group and the Manager. The Board is updated on any material change to relevant laws, regulations and accounting standards by way of briefings by professionals or by updates issued by Management.

Board Composition and Guidance

Principle 2: Strong and independent element on the Board

Our Policy and Practices

The Board reviews from time to time the size and composition of the Board with a view to ensuring that the size of the Board is appropriate in facilitating effective decision making.

The Manager adopts the principle that at least one-third of its Directors shall be independent if the Chairman is an independent director and at least half of its Directors shall be independent if the Chairman is not an independent director, and the majority of its Directors shall be non-executive. The Manager believes a board composition with a strong and independent element will allow the Directors

to engage in robust deliberations with Management and provide external, diverse and objective insights on issues brought before the Board for discussion and deliberation. Further, such a board composition, and the separation of the roles of the Chairman and the CEO, provides oversight to ensure that Management discharges its roles and responsibilities effectively and with integrity.

For FY16/17, each of the Independent Directors had carried out an assessment on whether there were any relationships or circumstances which may impact his or her independent status. Accordingly, each of the Independent Directors had either made a negative declaration or disclosed such relationships or circumstances as applicable. The declarations or disclosures made by each Independent Director had been reviewed by the NRC.

The Board was informed of Mr Seah Choo Meng's appointment as Senior Advisor to the CEO of Surbana-Jurong (a wholly-owned subsidiary of Temasek Holdings). As such, after the assessment by the Board, Mr Seah was re-designated as a non-independent non-executive Director of the Manager effective from 1 January 2017. The Board is cognisant of the guidelines of the Code regarding the composition of the Board if the Chairman is not an independent director and is in the midst of appointing a new independent director.

Based on a review of the relationships between the Directors and the Group and declarations of independence by the Independent Directors, the Board considers the following Directors to be independent:

- Mr Soo Nam Chow;
- Mr John Koh Tiong Lu;
- Mr Wee Joo Yeow; and
- Ms Mary Yeo Chor Gek

Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities

Our Policy and Practices

The Manager adopts the principle of clear separation of the roles and responsibilities between the Chairman of the Board and the CEO of the Manager. The Chairman guides the Board in constructive debates on the Group's strategic direction, management of its assets and governance matters. The Chairman is a non-executive Director.

CORPORATE GOVERNANCE

The Chairman and the CEO are not related to each other. The CEO is responsible for the running of the Manager's business operations. He has full executive responsibilities over the business and operational decisions of the Group. The CEO is also responsible for ensuring the Group's compliance with the applicable laws and regulations in its day-to-day operations.

As the Chairman is not an independent director, in accordance with Guideline 3.3 of the Code, Mr John Koh Tiong Lu has been appointed as the Lead Independent Director of the Manager with effect from 26 January 2016. The principal responsibilities of the Lead Independent Director are to act as chairman of the Board when matters concerning the Chairman are to be considered, and to be available to the Board and Unitholders for communication of Unitholders' concern when other channels of communication through the Chairman or CEO are inappropriate.

Board Membership

Principle 4: Formal and transparent process for appointments

Our Policy and Practices

The Manager adopts the principle that Board renewal is an ongoing process to ensure good governance and to remain relevant to the changing needs of the Manager and the Group's business.

The Board established the NRC in January 2016 and it comprises three Directors, being Mr Wee Joo Yeow, Ms Mary Yeo Chor Gek and Mr Hiew Yoon Khong, all non-executive and the majority of whom (including the Chairman) are independent. Mr Wee Joo Yeow is the Chairman of the NRC.

The NRC has written terms of reference setting out its scope and authority in performing the functions of a nominating committee, which include assisting the Board in matters relating to:

- the appointment and re-appointment of Board and committee members;
- the appointment of the Executive Director and CEO and the framework for the appointment of senior management executives of the Manager, as well as the succession plan and framework for the Executive Director and CEO and senior management executives of the Manager;

- training and professional development programmes for the Board;
- the process for evaluating Board performance; and
- the determination, on an annual basis and as and when circumstances require, of the independent status of a Director, bearing in mind the relevant guidelines of the Code as well as any other applicable regulations and guidelines and salient factors.

The composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive director of the Manager;
- the Board should comprise directors with a broad range of commercial experience including expertise in funds management, law, finance, audit, accounting and real estate; and
- at least one-third of the Board should comprise independent directors if the Chairman is an independent director and at least half of the Board should comprise independent directors if the Chairman is not an independent director.

The Manager does not, as a matter of policy, limit the maximum number of listed company board representations its Board members may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the Group, including attending Board and Board committee meetings and contributing constructively to the management of the Manager and the Group. The Manager believes that each Director is best placed to decide whether he or she has sufficient capacity to discharge his or her duties and responsibilities as Director in the best interests of the Manager and Unitholders. Taking into account the meeting attendance records of the Directors in FY16/17 as well as the contribution and performance of each individual Director at such meetings, the Board is satisfied that all the Directors have been able to carry out their duties as Director notwithstanding their principal commitments.

The NRC reviews and makes recommendations of nominations and/or re-nominations of directors on the Board and Board committees to the Board for approvals. As a principle of good corporate governance, all Board members are required to submit themselves for re-nomination and re-election at regular intervals. The CEO, as a Board member, is also subject to retirement and re-election.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board

Our Policy and Practices

The Manager adopts the principle that the Board's performance is ultimately reflected in the performance of the Manager and the Group.

To assess the performance of the Board and the Board committees, the Manager conducts confidential board effectiveness surveys once every two years. Board effectiveness surveys are carried out once every two years so as to provide more time for Directors to observe, review and assess the effectiveness and performance of the Board and the Board committees. The last survey of the Board, the AC and the NRC was undertaken in October 2016, with the findings evaluated by the Board in March 2017. To this end, the NRC will assist the Board in (amongst other things) the assessment of the effectiveness of the Board, by reviewing the performance evaluation process and making recommendations to the Board. Based on those findings and recommendation from the NRC, the Board was of the view that it had met its performance objectives.

Access to Information

Principle 6: Complete, adequate and timely access to information

Our Policy and Practices

The Manager adopts the principle that the Board shall be provided with timely and complete information prior to Board meetings as well as when the need arises.

Management is required to provide adequate and timely information to the Board, which includes matters requiring the Board's decision as well as ongoing reports relating to the operational and financial performance of the Group. Management is also required to furnish any additional information requested by the Board in a timely manner in order for the Board to make informed decisions.

The Directors have separate and independent access to Management and the Company Secretary.

The Company Secretary attends to the administration of corporate secretarial matters and advises the Board on governance matters. The Company Secretary also attends all Board and Board committee meetings and provides assistance to the Chairman in ensuring adherence to Board procedures.

The Board takes independent professional advice as and when necessary to enable it and/or the Independent Directors to discharge their responsibilities effectively. The AC meets the external and internal auditors separately at least once a year, without the presence of Management.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for fixing the remuneration of Directors

Level and Mix of Remuneration

Principle 8: Appropriate level of remuneration

Disclosure on Remuneration

Principle 9: Clear disclosure of remuneration matters

Our Policy and Practices

The Manager adopts the principle that remuneration matters should be sufficiently structured and benchmarked with good market practices to attract qualified talent to grow and manage its business.

The Manager adopts the principle that remuneration for the Board and senior management should be viewed in totality. The remuneration structure supports the continuous development of the management bench strength to ensure robust talent management and succession planning.

Pursuant to the *Guidelines to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Guideline No: SFA04-G07)*, the Manager has disclosed in this report information on its NRC as follows.

Nominating and Remuneration Committee

The Manager has an established NRC which consists of a minimum of three members and is constituted in a way that enables it to exercise its judgment and demonstrate its ability to make decisions which are consistent with the current and future financial status of the business.

The current members are: Mr Wee Joo Yeow, Independent Non-Executive Director and Chairman of NRC, Ms Mary Yeo Chor Gek, Independent Non-Executive Director and Mr Hiew Yoon Khong, Non-Executive Director. The NRC met three times during FY16/17 and was guided by its own independent remuneration consultant, Mercer (Singapore) Pte Ltd, who has no relationship with the Board that would interfere with its ability to provide independent advice to the NRC.

CORPORATE GOVERNANCE

The NRC has written terms of reference setting out its scope and authority in performing the functions of a nominating and remuneration committee, which include, but are not limited to, assisting the Board in matters relating to:

- reviewing and recommending to the Board all nominations for the appointment and re-appointment of Directors and of members to the various Board committees;
- reviewing and recommending to the Board the succession plan for the Executive Director and CEO of the Manager;
- the remuneration framework for the Directors, the Executive Director and CEO and senior management of the Manager, including all option plans, stock plans and the like as well as the performance hurdles of such plans;
- the specific remuneration package for the Executive Director and CEO of the Manager; and
- the termination payment, gratuities, severance payment and other similar payments to the Executive Director and CEO of the Manager.

Decision-making Process for Determining the Remuneration Policy

The NRC is responsible for the annual review of the Manager's remuneration policy, its implementation and ensuring compliance with relevant legislation and regulation. The NRC made remuneration decisions for employees annually in May following the end of the performance year. This timing allows full-year financial results to be considered along with the other non-financial goals and objectives. The NRC developed the Manager's remuneration policy with a number of principles in mind. The overarching policy is to promote sustainable long-term success of MIT. It should be:

- **Aligned with Unitholders:** A proportion of variable remuneration is deferred and delivered in the form of deferred awards over MIT phantom units, thereby aligning the interests of employees and Unitholders;
- **Aligned with performance:** Total variable compensation is managed taking into consideration financial performance and achievement of non-financial goals;
- **Encourage retention:** Deferred variable compensation does not give rise to any immediate entitlement. Awards normally require the participant to be employed continuously by the Manager until at least the third anniversary of the grant in order to vest in full; and

- **Competitive:** Employees receive competitive compensation and benefits package, which is reviewed annually and benchmarked by independent remuneration consultant to the external market.

In determining specific individual compensation amounts, a number of factors are considered including non-financial goals and objectives, financial performance of MIT and the individual performance and contributions to MIT during the financial year. Particularly for senior management and key management employees, a portion of their variable compensation is deferred and subjected to downside risks to prevent excessive risk taking.

The key objectives and features of the Manager's policy on the remuneration of its Directors are as follows:

- the level of directors' fees should be appropriate (but not excessive) to attract and motivate the Directors to provide good stewardship of the Manager and the Group;
- directors' fees are reviewed annually and subject to the approval of the Manager's shareholder;
- to ensure that each Director's fees commensurate with his or her responsibilities and time spent, each Director is paid a basic retainer and Directors who perform additional roles through the Board committees are paid additional fees for such services;
- Non-Executive Directors who are employees of the Sponsor do not receive any director's fees in their capacity as Directors, and the CEO also does not receive any director's fees in his capacity as a Director; and
- no Director is involved in deciding his or her own remuneration.

Directors' fees are paid entirely in cash.

The key objectives and features of the Manager's policy on the remuneration of its executives are as follows:

- the level and structure of executive remuneration should be competitive (but not excessive) to attract, motivate and retain a pool of talented executives for the present and future growth of the Manager; and
- executive remuneration should be performance-related with a view to promoting the long-term success and sustainability of the Manager.

The CEO is not present during the discussions relating to his own compensation and terms and conditions of service, and the review of his performance. However, the Board, with the assistance of the NRC, reviews the CEO's performance and the NRC Chairman would share with the CEO their views of his performance. In accordance with the directions and guidelines from the MAS on the remuneration of key executive officers of REIT managers, the Board, with the assistance of the NRC, reviews the CEO's specific

remuneration package to ensure its compliance with the substance and spirit of such directions and guidelines from the MAS.

The remuneration of the Board and the employees of the Manager are paid by the Manager from the fees which it receives from MIT and not paid by MIT. The Manager has set out in the table below information on the fees paid to the Directors for FY16/17.

Board Members	Membership	Fees Paid for FY16/17
Mr Wong Meng Meng	Non-Executive Chairman and Director	S\$115,000.00
Mr Soo Nam Chow	Chairman of the AC and Independent Non-Executive Director	S\$95,000.00
Mr John Koh Tiong Lu	Lead Independent Non-Executive Director and Member of the AC	S\$94,327.95
Mr Seah Choo Meng	Non-Executive Director and Member of the AC	S\$82,500.00
Mr Wee Joo Yeow	Chairman of the NRC and Independent Non-Executive Director	S\$90,483.85
Ms Mary Yeo Chor Gek	Independent Non-Executive Director and Member of the NRC	S\$75,698.90
Mr Hiew Yoon Khong	Non-Executive Director and Member of the NRC	Nil ⁽¹⁾
Mr Wong Mun Hoong	Non-Executive Director	Nil ⁽¹⁾
Mr Tham Kuo Wei	Executive Director and Chief Executive Officer	Nil ⁽²⁾

Notes:

⁽¹⁾ Non-Executive Directors who are employees of the Sponsor do not receive any fees in their capacity as Directors and NRC member.

⁽²⁾ The CEO does not receive any director's fees in his capacity as a Director.

Link between Pay and Performance

Employee remuneration at the Manager comprises fixed pay, variable incentive, allowances and benefits. Fixed pay comprises a salary and an annual wage supplement. All employees receive a salary that reflects their responsibilities and the level of experience and expertise needed to undertake their roles. Allowances and benefits include statutory provident contributions and benefits-in-kind to enable employees to undertake their role by ensuring their wellbeing.

Variable incentive is a material component of total remuneration and comprises of Performance Target Bonus ("PTB"), Variable Bonus ("VB") and Long-term Incentive ("LTI") award. The PTB amount is determined based on the

achievement of non-financial Key Performance Indicators ("KPIs") which are critical to improving the organisational effectiveness and operating efficiency of the Manager, e.g. results of Control Self-Assessment, participation in corporate social responsibility ("CSR") events and tenants engagement. The VB amount is assessed based on the achievement of financial KPIs such as Net Property Income, DPU and WALE which measure the financial metrics essential to the Unitholders. KPIs and their weightages may change from year to year. The LTI award is a form of unit-linked incentive plan and represents conditional rights to receive a cash sum based on the achievement of MIT's Total Shareholder Return ("TSR") targets and value of a notional investment in MIT.

CORPORATE GOVERNANCE

To this end, the NRC has reviewed the performance of the Manager for FY16/17 and is satisfied that all KPIs have largely been achieved.

For senior management, a significant proportion of their variable incentive is deferred under the Manager's VB banking mechanism and vesting schedule of LTI award. Deferral of these two components is a key mechanism to building sustainable business performance. Under the VB banking mechanism, only a portion of a VB award declared in the financial year will be paid out while the rest of the VB award will be deferred and paid out in the subsequent years. The deferred VB award will be subjected to downside risks depending on future performance. This ensures alignment between remuneration and sustaining business performance in the longer-term. For the LTI award, it is subject to 3 to 5 years vesting schedule. The settlement value of the LTI award is linked to the value of MIT units at the time of vesting.

Employees of the Manager are eligible to be considered for variable pay each year. Variable pay for all employees takes into account MIT, the Manager and the individual's performance against agreed financial and non-financial objectives similar to that of the senior management. However, in execution, the PTB and VB are combined to form consolidated variable pay for the employees.

To assess the individual performance, a 5-point rating scale is used by the supervisors to provide an overall assessment of an employee's performance, and employees are required to perform a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. The Manager has ensured that this has been adhered to.

The Manager is cognisant of the requirement in the "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" to disclose: (a) the remuneration of its CEO and each individual Director on a named basis; and (b) the remuneration of at least its top five key management personnel (other than the CEO and executive officers who are Directors), on a named basis, in bands of S\$250,000. The Manager is also cognisant of the requirement of the Code to disclose in aggregate the total remuneration paid to its top five key management personnel (who are not Directors or the CEO).

The remuneration for the CEO in bands of S\$250,000 and a breakdown of the remuneration of the CEO and all of the key management personnel of the Manager in percentage terms, are provided in the remuneration table below. At present, there are only 4 key management personnel of the Manager (including the CEO).

Total Remuneration Bands of CEO and Key Management Personnel for FY16/17

	Salary, Allowances and Statutory Contributions	Bonus ¹	Long-term Incentives ²	Benefits	Total
Above S\$1,500,000 to S\$1,750,000					
Tham Kuo Wei	24%	60%	16%	N.M. ³	100%
Other Key Management Personnel					
Ler Lily	36%	49%	15%	N.M. ³	100%
Peter Tan Che Heng	39%	46%	15%	N.M. ³	100%
Serene Tam Mei Fong	47%	44%	9%	N.M. ³	100%

Notes:

¹ The amounts disclosed include bonuses declared for FY16/17.

² The amounts disclosed include the grant value of the LTI awards. The LTI award is a form of unit-linked incentive plan and represents conditional rights to receive a cash sum based on the achievement of the TSR targets and fulfilment of vesting period of up to five years.

³ Not meaningful.

The total remuneration for the CEO and the key management personnel in FY16/17 was S\$3.22 million.

The Board had assessed and decided to disclose the remuneration of (a) the CEO in bands of S\$250,000 and (b) the breakdown of the remuneration of the key management personnel of the Manager in percentage terms. The Manager is of the view that the interest of the Unitholders would not be prejudiced as the indicative range of the CEO's remuneration, as well as the total remuneration for the CEO and key management personnel of the Manager, have been provided. Further, there are sufficient information provided on the Manager's remuneration framework to enable the Unitholders to understand the link between the performance of MIT and the remuneration paid to the CEO and key management personnel of the Manager.

There were no employees of the Manager who were immediate family members of a Director or the CEO of the Manager and whose remuneration exceeded S\$50,000 during FY16/17.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: Balanced and understandable assessment of the company's performance, position and prospects

Our Policy and Practices

The Manager adopts the principle that to build confidence among stakeholders, there is a need to deliver sustainable value.

The Manager complies with statutory and regulatory requirements and adopts best practices in the Group's business processes. The Manager also updates the Board on the Group's performance and its business and market outlook on a regular basis, so as to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

Risk Management and Internal Controls

Principle 11: Sound system of risk management and internal controls

Our Policy and Practices

The Manager adopts the principle that a sound system of internal controls and risk management is necessary for the Group's business.

The Manager, working with the Sponsor, has established internal control and risk management systems that address key operational, financial, compliance and information

technology risks relevant to the Group's business and operating environment. These systems provide reasonable but not absolute assurance on the achievement of their intended internal control and risk management objectives.

The key elements of the Group's internal control and risk management systems are as follows:

Operating Structure

The Manager has a well-defined operating structure with clear lines of responsibility and delegated authority, as well as reporting mechanisms to senior management and the Board. This structure includes certain functions, such as Human Resources, Information Systems & Technology, Internal Audit, Legal and Risk Management, which are outsourced to the Sponsor. The Manager also conducts an annual review of such outsourced functions to ensure required performance standards are met.

Policies, Procedures and Practices

Controls are detailed in formal procedures and manuals. For example, the Board has approved a set of delegations of authority which sets out approval limits for investments and divestments, development, operational and capital expenditures and treasury activities. Approval sub-limits are also provided at various management levels to facilitate operational efficiency as well as provide a system of checks and balances.

The Board's approval is required for material transactions, including the following:

- equity fund-raising;
- acquisition, development and disposal of properties above Board-prescribed limits;
- overall project budget variance and *ad hoc* development budget above Board-prescribed limits;
- debt fund-raising above Board-prescribed limits; and
- derivative contracts above Board-prescribed limits.

The Group's procedures and practices are regularly reviewed and revised where necessary to enhance controls and efficiency. The Group has implemented a Control Self-Assessment programme to promote accountability, control and risk ownership which cultivate a strong sense of risk awareness and compliance with internal controls within the Group.

The internal audit function, which is outsourced to the Sponsor, reviews the Group's compliance with the control procedures and policies established within the internal control and risk management systems. The internal audit function is also involved in the validation of the results from the Control Self-Assessment programme.

CORPORATE GOVERNANCE

Whistle-blowing Policy

To reinforce a culture of good business ethics and governance, the Manager has a Whistle-blowing Policy to encourage the reporting, in good faith, of any suspected improper conduct, including possible financial irregularities, while protecting the whistle-blowers from reprisals. Any reporting concerning the Group or the Manager is notified to the AC Chairman of the Sponsor as well as the AC Chairman of the Manager for investigation and to the AC of the Manager on the findings.

For queries or to make a report, please write to reporting@mapletree.com.sg.

Risk Management

Risk management is an integral part of business management by the Manager. In order to safeguard and create value for Unitholders, the Manager proactively manages risks and incorporates the risk management process into the Manager's planning and decision-making process.

The risk management function which is outsourced to the Sponsor's Risk Management Department oversees the Enterprise Risk Management ("ERM") framework, which enables the Manager to assess, mitigate and monitor key risks. The Risk Management Department reports to the AC and the Board independently, on a quarterly basis, on key risk exposures, portfolio risk profile and activities in respect of significant risk matters.

The risk management system established by the Manager, which encompasses the ERM framework and the risk management process, is dynamic and evolves with the business. The Manager has identified key risks, assessed their likelihood and impact on MIT's business, and established corresponding mitigating controls. The information is maintained in a risk register that is reviewed and updated regularly. The Risk Management Department works closely with the Manager to review and enhance the risk management system to be in line with market practices and regulatory requirements.

The Manager's policies and procedures relating to risk management can be found on pages 83 to 85 of this Annual Report.

Information Technology Controls

As part of the Group's risk management process, information technology controls have been put in place and are periodically reviewed to ensure that information technology risks are identified and mitigated. In addition, as part of the Manager's business continuity plan, information technology disaster recovery planning and tests are conducted to ensure that critical information technology systems remain functional in a crisis situation.

Financial Reporting

The Board is updated on a quarterly basis on the Group's financial performance. The Manager reports on significant variances in financial performance, in comparison with budgets and financial performance of corresponding periods in the preceding year and provides an updated full year forecast. In addition, the Board is provided with quarterly updates on key operational activities of the Group.

A management representation letter is provided by the Manager in connection with the preparation of the Group's financial statements which are presented to the AC and Board quarterly. The representation letter is supported by declarations made individually by the various Heads of Department. Compliance checklists on announcement of financial statements, which are required for submission to the SGX-ST, are reviewed and confirmed by the Chief Financial Officer ("CFO") of the Manager.

The Group's financial results are prepared in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trust" and are reported to Unitholders quarterly in accordance with the requirements of the SGX-ST. These results announcements provide analyses of significant variances in financial performance and commentary on the industry's competitive conditions in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next twelve months.

Detailed disclosure and analysis of the full year financial performance of the Group can be found on pages 106 to 159 of this Annual Report.

Financial Management

Management reviews the performance of the MIT portfolio properties on a monthly basis to maintain the financial and operational discipline of the Group.

The key financial risks which the Group is exposed to include interest rate risk, liquidity risk, and credit risk. Where appropriate, the Manager procures hedging transactions to be entered into so as to protect the Group against interest rate fluctuations. In addition, the Manager proactively manages liquidity risk by ensuring that sufficient working capital lines and loan facilities are maintained for the Group. The Manager's capital management strategy can be found on pages 67 to 68 of this Annual Report. The Manager also has in place credit control procedures for managing tenant credit risk and monitoring of arrears collection.

Internal Audit

The internal audit function, which is outsourced to the Sponsor's Internal Audit Department, prepares a risk-based audit plan annually to review the adequacy and effectiveness of the Group's system of internal controls and

this audit plan is approved by the AC before execution. The Internal Audit Department is also involved during the year in conducting *ad hoc* audits and reviews that may be requested by the AC or Management on specific areas of concern, including validating the responses under the Manager's Control Self-Assessment programme. In doing so, the Internal Audit Department obtains reasonable assurance that business objectives for the processes under review are being achieved and key control mechanisms are in place.

Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations is issued to the AC. The Internal Audit Department monitors and reports on the timely implementation of the action plans to Management and the AC on a quarterly basis.

The external auditors provide an independent perspective on certain aspects of the internal financial controls system arising from their work and report their findings to the AC on an annual basis. The external auditors are also updated on the findings of the Manager's Control Self-Assessment programme.

Interested Person Transactions

All interested person transactions are undertaken on normal commercial terms and the AC regularly reviews all interested person transactions to ensure compliance with the internal control system as well as with relevant provisions of the Listing Manual and the Property Funds Appendix. In addition, the Trustee has the right to review such transactions to ascertain that the Property Funds Appendix has been complied with.

The following procedures are also undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of the Group's net tangible assets will be subject to review by the AC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of the Group's net tangible assets will be subject to the review and prior approval of the AC and the Board. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the

same interested person during the same financial year) equal to or exceeding 5.0% of the value of the Group's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the AC and the Board (which may, as they deem fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers). Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of the Unitholders.

The interested person transactions undertaken by the Group in FY16/17 are set out on page 162 of this Annual Report. For the purpose of the disclosures, the full contract sum is taken as the value of the transaction where the interested person transaction has a fixed term and contract value, while the annual amount incurred and/or accrued is taken as the value of the transaction where an interested person transaction has an indefinite term or where the contract sum is not specified.

Dealing in MIT units

The Manager adopts the best practices on dealings in securities set out in the Listing Manual. All Directors are required to disclose their interests in MIT and are also provided with disclosures of interests by other Directors as well as reminders on trading restrictions.

On trading in MIT units, the Directors and employees of the Manager are reminded not to deal in MIT units on short term considerations and are prohibited from dealing in MIT units:

- in the period commencing one month before the public announcement of the Group's annual results;
- in the period commencing two weeks before the public announcement of the Group's quarterly and semi-annual results; and
- at any time whilst in possession of price-sensitive information.

Each Director is required to notify the Manager of his or her acquisition of MIT units or of changes in the number of MIT units which he or she holds or in which he or she has an interest, within two business days of such acquisition or change of interest. In addition, employees of the Manager and the Sponsor are to give pre-trading notifications before any dealing in MIT units.

Role of the Board and AC

The Board recognises the importance of maintaining a sound internal control and risk management system to safeguard the assets of the Group and Unitholders' interests, through a framework that enables risks to be assessed and managed.

CORPORATE GOVERNANCE

The AC provides oversight of the financial reporting risks, accounting policies and the adequacy and effectiveness of the Group's internal control and risk management system as well as its compliance system.

The Board and the AC also take into account the results from the Control Self-Assessment programme, which requires the respective departments of the Manager to review and report on compliance with their key control processes.

It should be recognised that all internal control and risk management systems contain inherent limitations and, accordingly, the internal control and risk management systems can only provide reasonable but not absolute assurance.

The Board has received written assurance from the CEO and the CFO that: (a) the Group's financial records have been properly maintained and the Group's financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's internal control and risk management systems are effective.

Opinion on Internal Controls

Based on the internal control and risk management systems established and maintained by the Manager and the Sponsor, work performed by the Sponsor's Internal Audit and Risk Management Departments as well as by the external auditors, reviews performed by Management and the above assurance from the CEO and the CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal control and risk management systems, addressing key financial, operational, compliance, information technology and risk management objectives and which the Group considers relevant and material to its operations, were adequate and effective to meet the needs of the Group in its business environment as at 31 March 2017.

Audit and Risk Committee

Principle 12: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

Our Policy and Practices

The Board is supported by the AC which provides additional oversight of financial, risks and audit matters, so as to maximise the effectiveness of the Board and foster active participation and contribution.

The Manager adopts the principle that the AC shall have at least three members, all of whom must be non-executive and the majority of whom, including the AC chairman, must be independent.

The AC consists of three members. They are:

- Mr Soo Nam Chow, Chairman;
- Mr John Koh Tiong Lu, Member; and
- Mr Seah Choo Meng, Member

The AC has written terms of reference setting out its scope and authority, which include:

- examination of interested person transactions;
- review of audit findings of internal and external auditors as well as management responses to them;
- evaluation of the nature and extent of non-audit services performed by external auditors. In this regard, for FY16/17, MIT paid S\$128,215 to the external auditor PricewaterhouseCoopers LLP ("PwC") for audit services for the Group. During the financial year, there were no non-audit services performed for the Group;
- review of the quality and reliability of information prepared for inclusion in financial reports;
- recommendation of the appointment and re-appointment of external auditors; and
- approval of the remuneration and terms of engagement of external auditors.

In addition, the AC also:

- meets with the external and internal auditors, without the presence of Management, at least once a year to review and discuss the financial reporting process, system of internal controls (including financial, operational, compliance and information technology controls), significant comments and recommendations;
- reviews and, if required, investigates the matters reported via the whistle-blowing mechanism, by which employees may, in confidence, raise concerns about suspected improprieties including financial irregularities. The objective of the whistle-blowing mechanism is to ensure that arrangements are in place for independent investigations of any reported matters and reviews of such investigations, to ensure appropriate follow-up actions are taken; and
- discuss during the AC meetings, any changes to accounting standards and issues which have a direct impact on the financial statements.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matter impacting the financial statements was discussed with the Management and the external auditor and reviewed by the AC. In the review of the financial

statements, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matter impacting the financial statements was discussed with the Management and the external auditor and reviewed by the AC:

Key Audit Matter How This Issue was Addressed by the AC

Valuation of investment properties

The AC considered the approach and techniques applied by MIT’s valuer, Savills Valuation & Professional Service (S) Pte Ltd, in determining the valuation of the investment properties. The AC discussed the details of the valuation with the valuer and management and also considered the results of the work performed by the external auditor.

The AC was satisfied with the valuation approach, the techniques used and the valuation for investment properties as adopted and disclosed in the financial statements.

The valuation of investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2017. Refer to page 110 of this Annual Report.

A total of five AC meetings were held in FY16/17.

Standards”) and has incorporated these standards into its audit practices.

The Manager, on behalf of the Group, confirms that the Group has complied with Rules 712 and 715 of the Listing Manual in relation to the Group’s auditing firm.

The IIA Standards cover requirements on:

- independence and objectivity;
- proficiency and due professional care;
- managing the internal audit activity;
- engagement planning;
- performing engagement; and
- communicating results.

Internal Audit

Principle 13: Independent internal audit function

Our Policy and Practices

The Manager adopts the principle that a robust system of internal audits is required to safeguard Unitholders’ interests, the Group’s assets, and to manage risks. Apart from the AC, other Board committees may be set up from time to time to address specific issues or risks.

The Sponsor’s Internal Audit Department employees involved in information technology audits are Certified Information System Auditors and members of the Information System Audit and Control Association (the “ISACA”) in the USA. The ISACA Information System Auditing Standards provide guidance on the standards and procedures to be applied in IT audits.

The internal audit function of the Group is outsourced to the Sponsor’s Internal Audit Department and the Head of Internal Audit reports directly to the Chairman of the AC of both the Manager and the Sponsor.

To ensure that the internal audits are performed by competent professionals, the Sponsor’s Internal Audit Department recruits and employs qualified employees. In order that their technical knowledge remains current and relevant, the Sponsor’s Internal Audit Department identifies and provides training and development opportunities to the employees.

The role of the Internal Audit Department is to conduct internal audit work in consultation with, but independently of, Management. Its annual audit plan and audit findings are submitted to the AC. The AC also meets with the Head of Internal Audit at least once a year without the presence of Management.

The Sponsor’s Internal Audit Department is a corporate member of the Singapore branch of the Institute of Internal Auditors Inc. (the “IIA”), which has its headquarters in the USA. The Internal Audit Department subscribes to, and is in conformance with, the Standards for the Professional Practice of Internal Auditing developed by the IIA (the “IIA

In compliance with the IIA Standards, an external quality assessment review (“QAR”) of the Sponsor’s Internal Audit Department is conducted at least once every five years by a qualified, independent reviewer. The last external QAR of internal audit was completed in January 2013 and the QAR concluded that the Sponsor’s Internal Audit Department was in conformance with the IIA Standards.

CORPORATE GOVERNANCE

(D) UNITHOLDER RIGHTS AND RESPONSIBILITIES

Unitholder Rights

Principle 14: Fair and equitable treatment of all Unitholders

Communication with Unitholders

Principle 15: Regular, effective and fair communication with Unitholders

Conduct of Unitholder Meetings

Principle 16: Greater Unitholder participation at annual general meetings

Our Policy and Practices

The Manager adopts the principle that all Unitholders should be treated fairly and equitably and their ownership rights arising from their unitholdings should be recognised.

To this end, the Manager issues via SGXNET announcements and press releases on the Group's latest corporate developments on an immediate basis where required by the Listing Manual. Where immediate disclosure is not practicable, the relevant announcement will be made as soon as possible to ensure that all stakeholders and the public have equal access to the information.

All Unitholders are entitled to receive the annual report in digital format packaged in a compact disc with the option of receiving a printed version. The annual report encloses a notice of annual general meeting and a proxy form with instructions on the appointment of proxies. The notice of annual general meeting for each annual general meeting is also published via SGXNET. An annual general meeting is held once a year to provide a platform for Unitholders to interact with the Board and Management, in particular the Chairman of the Board, the Chairman of the AC, the CEO and the CFO. The external auditors are also present to address Unitholders' queries about the audit and the financial statements of the Group.

Similarly, where a general meeting is convened, all Unitholders are entitled to receive a circular enclosing a proxy form with instructions on the appointment of proxies. Prior to voting at an annual general meeting or any other general meeting, the voting procedures will be made known to the Unitholders to facilitate them in exercising their votes.

Each resolution proposed at an annual general meeting and any other general meeting will be voted on by way of electronic polling. The Manager will announce the results of the votes cast for and against each resolution and the respective percentages and prepare minutes of such meetings.

The Manager has an Investor Relations Department which works with the Legal and Corporate Secretariat Department of the Sponsor to ensure the Group's compliance with the legal and regulatory requirements applicable to listed REITs, as well as to incorporate best practices in its investor relations programme.

The Manager regularly communicates major developments in the Group's businesses and operations to Unitholders, analysts and the media through the issuance of announcements and press releases. In addition, all announcements and press releases are first made on SGXNET and subsequently on MIT's website.

Investors can subscribe to email alerts of all announcements and press releases issued by MIT through its website. "Live" webcast of analyst briefings are conducted, where practicable.

The Manager also communicates with MIT's investors on a regular basis through group/individual meetings with investors, investor conferences and non-deal roadshows. The Manager's CEO and CFO are present at briefings and communication sessions to answer questions from investors.

MIT's distribution policy is to distribute at least 90% of its distributable income and such distributions are typically paid on a quarterly basis. For FY16/17, MIT made four distributions to Unitholders.