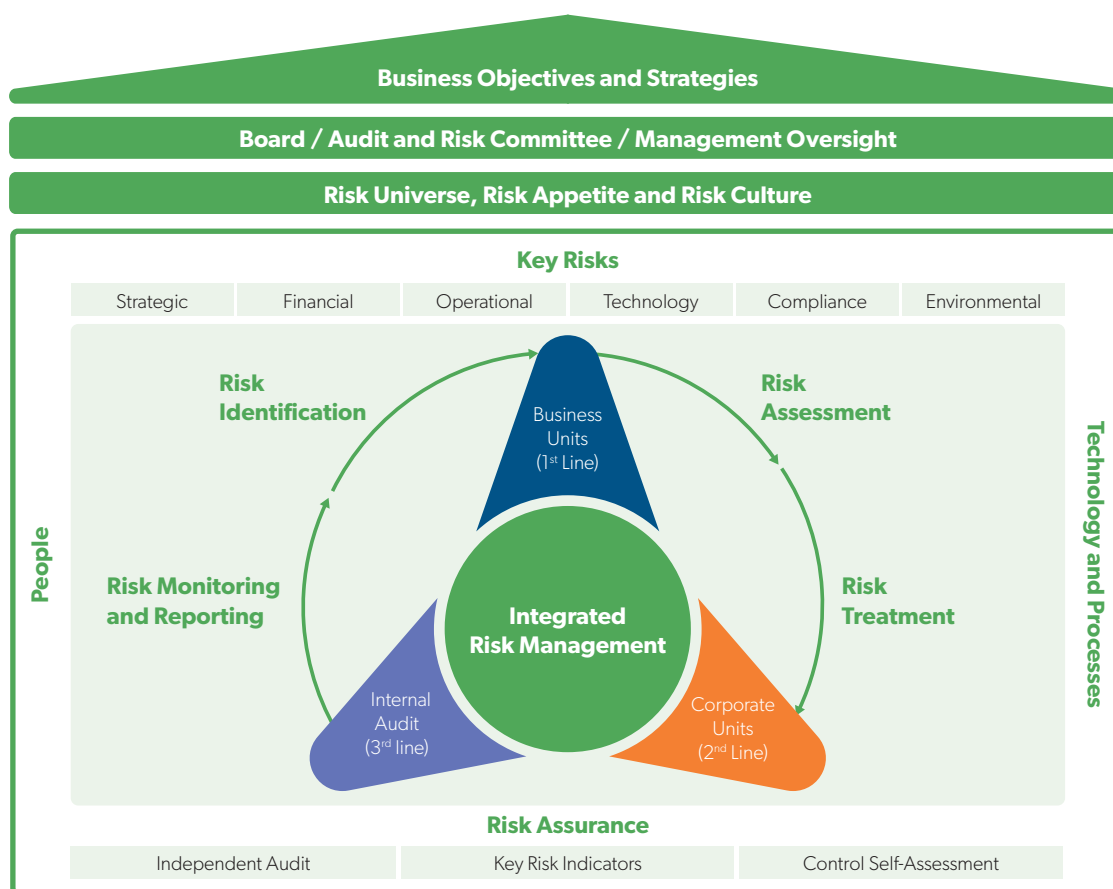


RISK MANAGEMENT



STRATEGY

PEOPLE

PORTFOLIO

GOVERNANCE

FINANCIALS AND OTHERS

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

Enterprise Risk Management Framework

The Manager's ERM framework is adapted from the International Organisation for Standardisation (ISO) 31000 Risk Management and is benchmarked against other relevant best practices and guidelines. The ERM framework is also reviewed annually to ensure its continued relevance and practicality in identifying, assessing, treating, monitoring, and reporting key risks.

Risk Governance and Assurance

The Board is responsible for overseeing the governance of risks and ensuring that the Manager implements sound risk management and internal control practices. The Board also approves the risk appetite, which sets out the nature and extent of material risks that can be taken to achieve MIT's business objectives. The Board, which is supported by the AC, reviews the risk strategy, material risks, and risk profile.

The Manager is responsible for directing and monitoring the implementation of the ERM framework and its practices. The Manager adopts a top-down and bottom-up review approach that enables systematic identification and assessment of material risks based on the business objectives and strategies. It also maintains continuous communication and consultation with internal and external stakeholders.

The Risk Management Department of the Sponsor collaborates closely with the Manager to design, implement and enhance the ERM framework. This is done in accordance with market practices and regulatory requirements, under the guidance and direction of the Board and the AC.

The Manager, with the support of the Sponsor's Risk Management Department, conducted its annual group-wide Risk Assessment ("RA") and Control Self-Assessment ("CSA") to ensure that material risks and controls are effectively managed, raise risk awareness and foster risk and control accountability.

The Internal Audit Department provides independent assurance on the effectiveness of the risk management and internal control systems, as well as the effectiveness of the controls in place to manage material risks.

Risk-Aware Culture

The Manager is committed to fostering a strong "risk-aware" culture, which is crucial for the effective implementation of risk management programmes. This is achieved by setting the right tone at the top and providing continuous support for risk management. The Risk Management Department engages with relevant stakeholders to raise awareness of risks and facilitates the management of material risks.

Robust Measurement and Analysis

The Risk Management Department conducts macro-economic research, leveraging financial market knowledge and real estate market analysis to quantify and assess financial risk impacts.

RISK MANAGEMENT

This includes assessing the Manager's Value-at-Risk ("VaR"), which measures the extent of potential losses arising from macroeconomic and property market risks, considering historical movements in market drivers including rental and occupancy rates, capital values, interest rates and foreign currency exchange rates. This assessment also incorporates refinancing and tenant-related risks wherever feasible, to provide a holistic view of the risk landscape.

The Manager recognises the limitations of statistics-based analysis that is based on historical data. Hence, stress tests and scenario analysis are also conducted to analyse the impact of changing assumptions on MIT's portfolio. This helps the Manager better understand the business' resilience level in the event of unexpected market shocks and other adverse situations.

Risk Identification and Assessment

The Manager's ERM framework systematically identifies key risks, assesses their likelihood and business impact, and establishes mitigating controls with appropriate cost-benefit considerations. The information is maintained in a risk register that is reviewed and updated regularly. The key risks identified include but are not limited to:

Sector and Market

MIT's portfolio is subject to various market factors and conditions including competition, supply-demand dynamics, and evolving trends such as hybrid or flexible work arrangements and increasing demand for green buildings. The Manager monitors ongoing market developments, trends, and their implications, and formulates plans and pre-emptive strategies, including portfolio rejuvenation and targeted asset enhancement initiatives. In addition, the Manager monitors the performance of existing tenants and adopts flexible leasing strategies to sustain high occupancy levels across the portfolio.

Economic and Geopolitical

Given the geographical diversity of MIT's business, the portfolio is subject to macroeconomic and geopolitical factors and events including inflation, international trade tensions, political shifts and regulatory changes affecting the real estate sector. The Manager maintains vigilance and actively monitors these developments especially in key markets, conducts rigorous real estate market research and assessment on business implications and formulates plans and pre-emptive strategies accordingly. The Manager also maintains a well-diversified portfolio across geographies, prioritising markets with robust economic fundamentals and where the Manager has operational scale.

Financial

The Manager is subject to financial risks, including counterparty, interest rate, foreign exchange, and liquidity risks.

To mitigate counterparty risk, credit assessments are conducted on prospective tenants to assess and mitigate their credit risks prior to making investments (where relevant) or onboarding significant tenancies. The Manager's Asset Management Department monitors tenants' creditworthiness with portfolio arrears being managed by the Credit Control Committee who meets regularly to review debtor balances. Additional credit risk mitigation measures include the collection of security deposits in the form of

cash or banker's guarantees from prospective tenants prior to lease commencement, where applicable.

The Manager actively reviews and manages interest rate risk by borrowing at fixed rates or hedging through interest rate derivatives where appropriate, considering the costs involved. At the portfolio level, the risk impact of interest rate volatility on value is quantified, monitored, and reported quarterly.

For foreign exchange risk, the Manager employs natural hedging by borrowing in the same currency as the underlying assets where feasible or hedging the underlying investment through derivatives where appropriate. The VaR arising from unhedged foreign exchange exposures is monitored through sensitivity analysis conducted to assess potential balance sheet impact. The Manager also hedges income receivable from overseas assets into SGD using forward contracts where feasible, to maintain a reasonable degree of income stability against currency fluctuations.

The Manager actively monitors MIT's cashflow position and funding requirements to ensure sufficient liquid reserves for operations, short-term obligations, and refinancing requirements, while maintaining a well-staggered debt maturity profile. The Manager also maintains financial flexibility with adequate debt headroom for MIT to partially finance future acquisitions. Bank concentration risk is monitored and mitigated through a well-diversified funding base. Through sensitivity analysis and/or reverse stress testing, MIT's aggregate leverage ratio and adjusted interest coverage ratio are carefully monitored to ensure compliance with the requirements from the Property Funds Appendix issued by the MAS.

For more information, please refer to the Financial Review and Corporate Liquidity and Capital Resources sections on pages 77 to 82 of this Annual Report.

Investment and Divestment

The Manager employs a rigorous and structured approach to managing risks arising from investment and divestment activities. All acquisitions and divestments are aligned with MIT's strategic objectives. Evaluation of investment and divestment risks include comprehensive due diligence and sensitivity analysis for each transaction, and on all key project variables, to evaluate the robustness of assumptions used. The Risk Management Department conducts independent risk assessments for significant acquisitions, which are incorporated into investment proposals submitted to the Board for approval. All investment and divestment proposals are subject to thorough evaluation by the Management in accordance with the Board's approved delegation of authority. Upon receiving approval in accordance with the Board's approved delegation of authority, investment proposals are submitted to the Trustee, which serves as 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 Singapore Exchange Securities Trading Limited, the MAS Property Funds Appendix and the provisions in the Trust Deed.

Business Disruption

The Manager has business continuity and crisis communication plans to address unforeseen catastrophic events, which include

natural disasters (such as earthquakes, floods, typhoons, pandemics) or man-made disruptions (such as strikes, civil unrests, terrorist attacks, cybersecurity breaches, deliberate sabotages). These plans ensure that the business can resume with minimal operational disruptions and losses. MIT's properties are insured in accordance with industry norms in their respective jurisdictions and benchmarked against Singapore standards.

Fraud and Corruption

The Manager maintains a zero-tolerance policy towards unethical business practices or conduct, fraud, and bribery. To support this, the Manager has a Whistle-blowing Policy that provides an independent feedback channel for employees and stakeholders to report any serious unethical concerns, suspected fraudulent activities, bribery, dangers, risks, and workplace malpractices or wrongdoings, while protecting them from reprisals.

Compliance with policies and procedures, such as code of conduct and discipline, gifts and entertainment, and safe work practices, is always required of employees. If an employee is found guilty of fraud, dishonesty, or criminal conduct in relation to his/her employment, the Manager reserves the right to take appropriate disciplinary action, including termination of employment.

Health and Safety

The Manager places utmost importance on the health and safety of its stakeholders. Safety practices have been incorporated in the MIT's Standard Operating Procedures, including fire emergency plans and regular inspections of fire protection systems. Checks on required certificates and permits are also performed regularly to ensure compliance with regulatory requirements. To ensure continual improvements, the Manager monitors the safety and well-being of its employees and contractors at MIT's properties and sites and promptly addresses any potential safety risks that may arise. This proactive approach ensures a safe and supportive work environment.

Cybersecurity and Data

As cybersecurity threats grow increasingly prevalent and sophisticated across industries, the Manager has established policies and procedures governing information availability, control, governance, and data security. A disaster recovery plan is in place and undergoes annual testing to ensure that business-critical systems meet business recovery objectives. Cybersecurity training and awareness have been provided to all employees to increase their understanding of cybersecurity risks and threat prevention strategies. In addition to monitoring the Manager's network for potential security threats and ensuring up-to-date antivirus software, network vulnerability assessments and penetration testing are conducted regularly to ensure that cybersecurity measures remain effective.

Regulatory and Policy

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 in its day-to-day business processes. The Manager also regularly tracks and assesses legal and regulatory changes in the relevant operating jurisdictions.

Climate (Physical and Transition)

The Manager is cognisant of the exposure to physical risks such as rising sea levels, coastal flooding, increasing number of extreme hot and extreme cold days, as well as transition risks that may result in increased carbon tax, higher energy prices and more stringent building design requirements.

The Manager has adopted a "Net Zero by 2050" roadmap to minimise the environmental impact from MIT's business and to address potential impact from climate change by implementing robust climate-related risk mitigation strategies. This includes setting targets for carbon emissions reduction and energy efficiency, as well as adopting renewable energy and attaining green building certifications where feasible. Environmental risk due diligence is integrated into the Manager's investment considerations and existing properties are periodically evaluated for their exposure to physical climate risks. The Manager also monitors changes in climate regulations and engages stakeholders in ESG initiatives and discussions proactively.

For more information, please refer to the Sustainability Report 2024/2025 on MIT's website.

Rigorous Monitoring and Control

The Manager has developed key risk indicators that serve as an early-warning system to highlight risks that are close to exceeding or have exceeded agreed thresholds.

On a quarterly basis, the Risk Management Department presents comprehensive risk reports to the Board and the AC. These reports highlight material matters relating to financial and operational risks, including changes in key risk indicators, portfolio risk profile and the results of stress testing scenarios.

This rigorous process ensures that the Board and the AC are kept well-informed of the material risks faced by the business, enabling them to make informed decisions and take appropriate and timely actions as necessary.