

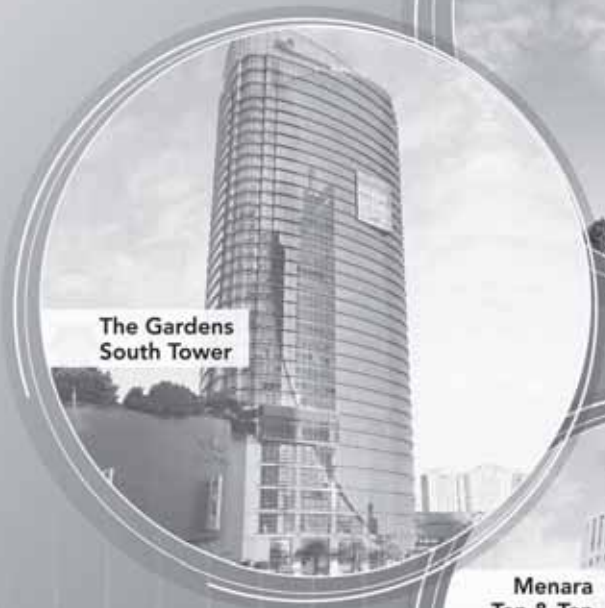
ANNUAL REPORT
2021



G Tower



**Southpoint
Offices & Retail**



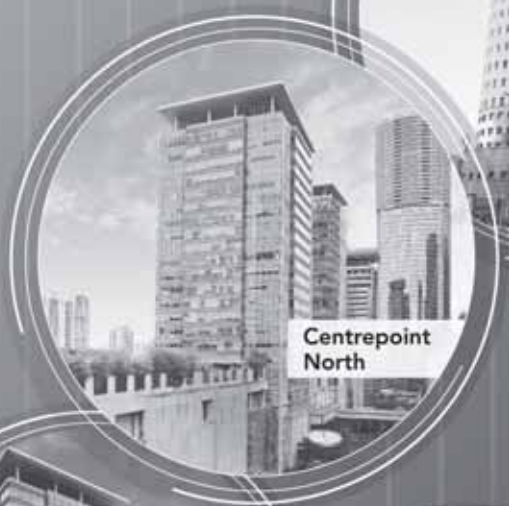
**The Gardens
South Tower**



**The Gardens
North Tower**



**Menara
Tan & Tan**



**Centrepoint
North**



**Menara IGB &
IGB Annexe**



**Centrepoint
South**



**Hampshire
Place Office**



**Boulevard
Offices & Retail**

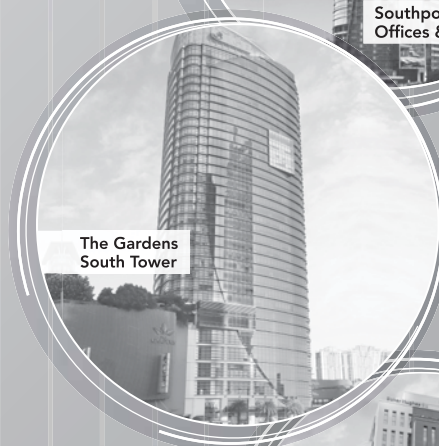


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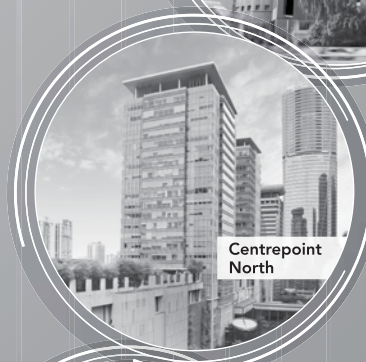
Southpoint
Offices & Retail



The Gardens
South Tower



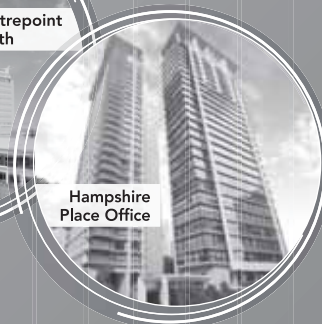
Menara
Tan & Tan



Centrepoint
North



Centrepoint
South



Hampshire
Place Office

Corporate Directory

MANAGER

IGB REIT Management Sdn Bhd
 201201006785 (908168-A)
 Capital Market Services Licence : CMSL/A0305/2013
 Address : Level 32, The Gardens South Tower
 Mid Valley City
 Lingkar Syed Putra
 59200 Kuala Lumpur
 Malaysia
 Telephone : 603-2289 8989
 Telefax : 603-2289 8802
 Website : www.igbcomreit.com
 Email : corporate-enquiry@igbcomreit.com
 Investor Relation : investorrelations@igbcomreit.com
 Feedback : feedback@igbcomreit.com

BOARD OF DIRECTORS OF THE MANAGER

Tan Sri Dato' Prof. Lin See Yan
Chairman/Independent Non-Executive Director

Dato' Seri Robert Tan Chung Meng
Managing Director/Non-Independent Executive Director

Halim bin Haji Din
Independent Non-Executive Director

Le Ching Tai @ Lee Chen Chong
Independent Non-Executive Director

Robert Ang Kim Pack
Independent Non-Executive Director

Elizabeth Tan Hui Ning
Non-Independent Executive Director

Tan Mei Sian
Non-Independent Executive Director

Tan Lei Cheng
Non-Independent Non-Executive Director

Tan Boon Lee
Non-Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER OF THE MANAGER

Antony Patrick Barragry

HEAD OF COMPLIANCE/COMPANY SECRETARY OF THE MANAGER

Tina Chan Lai Yin
 MAICSA 7001659/SSM PC No. 201908000014

TRUSTEE

MTrustee Berhad
 198701004362 (163032-V)
 Tingkat 15, Menara AmFirst
 No. 1, Jalan 19/3
 46300 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia
 Telephone : 603-7954 6862
 Telefax : 603-7954 3712

PROPERTY MANAGER

Chartwell ITAC International Sdn Bhd
 197901008026 (52312-H)
 B-11-3A-B-11-05,
 Level 11, Gateway Corporate Suites
 Gateway Kiaramas
 No.1, Jalan Desa Kiara, Mont Kiara
 50480 Kuala Lumpur
 Malaysia
 Telephone : 603-6201 6288
 Telefax : 603-6203 0088

AUDITOR

PricewaterhouseCoopers PLT
 LLP0014401-LCA & AF 1146
 Level 10, 1 Sentral
 Jalan Rakyat, Kuala Lumpur Sentral
 50470 Kuala Lumpur
 Malaysia
 Telephone : 603-2173 1188
 Telefax : 603-2173 1288

REGISTRAR

Boardroom Share Registrars Sdn Bhd
 199601006647 (378993-D)
 11th Floor Menara Symphony
 No. 5, Jalan Prof. Khoo Kay Kim
 Seksyen 13, 46200 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia
 Telephone : 603-7890 4800
 Telefax : 603-7890 4650

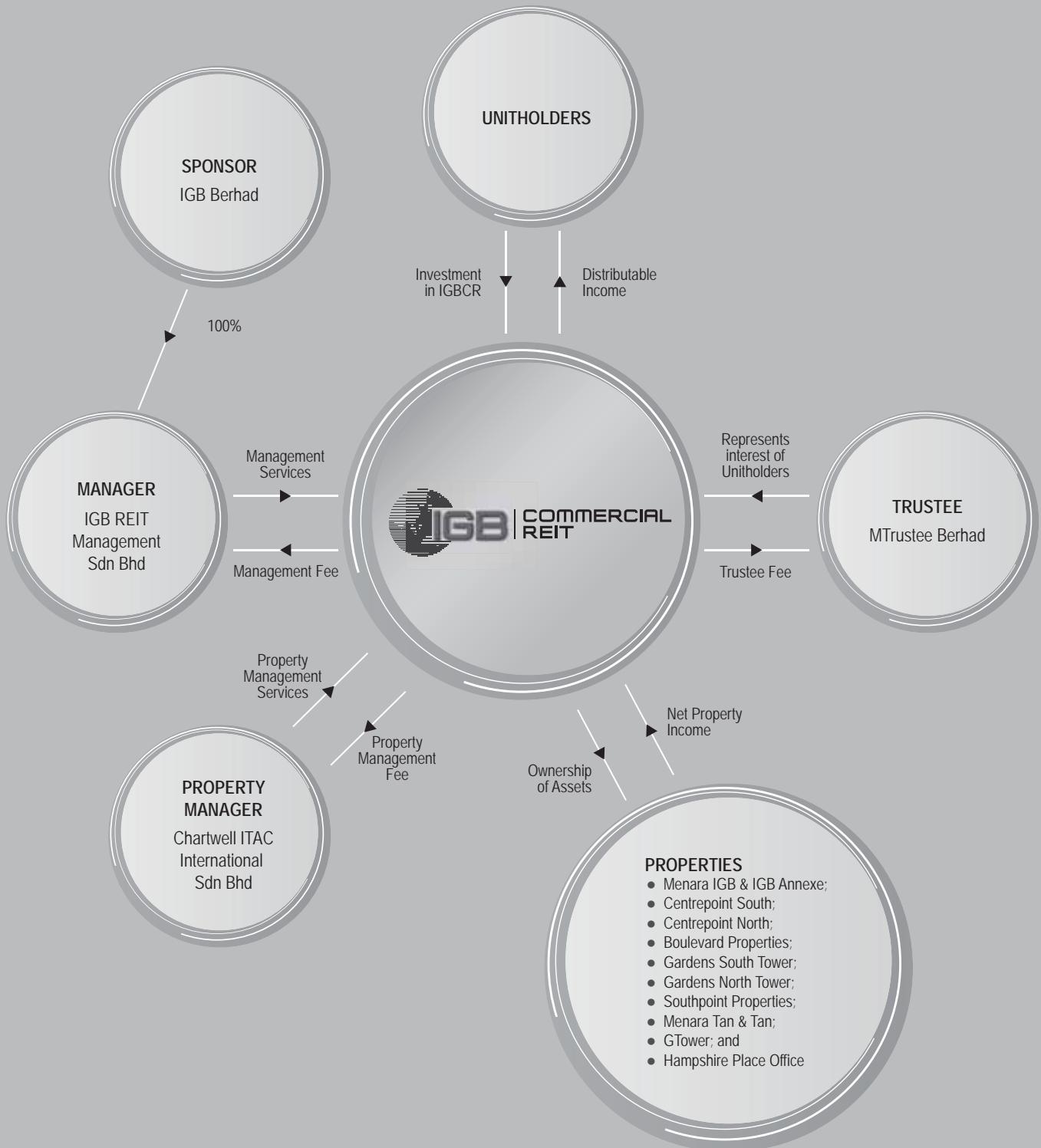
PRINCIPAL BANKER

Hong Leong Bank Berhad
 193401000023 (97141-X)
 Ground & 1st Floor, Unit 25-G & 25-1
 Signature Office, Mid Valley City
 Lingkar Syed Putra
 59200 Kuala Lumpur
 Telephone : 603-2282 0462
 Telefax : 603-2282 0143

REIT Structure

Investment Objective

To provide the Unitholders with regular and stable distributions, sustainable long-term unit price and distributable income and capital growth, while maintaining an appropriate capital structure.



REIT Information

Fund Name	IGB Commercial REIT (IGBCR)
Fund Category	Real Estate Investment Trust
Fund Type	Income and Growth
Fund Duration	The earlier of: <ul style="list-style-type: none"> the occurrence of any of events listed in Clause 27.2 of the Deed dated 31 March 2021; the date 999 years after 20 September 2021 (the date of establishment of IGBCR); or the date IGBCR is terminated by the Manager under Clause 27.1(b) of the Deed.
Investment Policy	To invest, directly and indirectly, in a portfolio of income producing Real Estate used primarily for commercial purposes in Malaysia and overseas.
Authorised Investments	(a) Real Estate; (b) Non-Real Estate-Related Assets; (c) Cash; deposits, money market instruments and (d) any other investments not covered by (a) to (c) but specified as a permissible investment in the Securities Commission Malaysia's (SC) Guidelines on Listed Real Estate Investment Trusts (REIT Guidelines) or as may be permitted by the SC.
Investment Limits	The investment of IGBCR are subject to the following investment limits imposed by REIT Guidelines: <ul style="list-style-type: none"> at least 75% of IGBCR's total asset value (TAV) must be invested in Real Estate that generates recurrent rental income at all times; the aggregate investments in Property Development Activities (Property Development Costs) and real estate under construction must not exceed 15% of IGBCR's TAV; and such other investment or limits as may be permitted by the SC or the REIT Guidelines.
Distribution Policy	<ul style="list-style-type: none"> At least 90% of IGBCR's distributable income Semi-annual distribution (or at such other intervals as the Manager may decide at its absolute discretion)
Revaluation Policy	Annually by an independent professional valuer
Manager Fee	The Manager may elect to receive its fees in cash or units or a combination of cash and units (as it may in its sole discretion determine): <ul style="list-style-type: none"> Base Fee: up to 1% per annum of IGBCR's TAV (excluding cash and bank balances which are held in non-interest bearing accounts.) Performance Fee: 5% per annum of IGBCR's net property income. Acquisition Fee: 1% of the acquisition value Divestment Fee: 0.5% of the disposal value
Trustee Fee	Up to 0.03% per annum of IGBCR's net asset value
Financial Year End	31 December
Listing	Main Market of Bursa Malaysia Securities Berhad
Listing Date	20 September 2021
Stock Name	IGBCR
Stock Code	5299
Board Lot	100 units per board lot

REIT Portfolio

MVC PROPERTIES

Properties	Menara IGB & IGB Annexe	Centrepoint South	Centrepoint North	Boulevard Properties	Gardens South Tower	Gardens North Tower	Southpoint Properties
Type of title	Master				Strata	Strata	Master
Tenure	Leasehold of 83 years expiring on 11 April 2104				Leasehold of 99 years expiring on 6 June 2103		Leasehold of 99 years expiring on 21 March 2120
Land title particulars	Part of H.S. (D) 122594, PT 50003 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ⁽¹⁾				PN 37073/ M1/B3/5, No. Petak 5, No. Tingkat B3, No. Bangunan M1, Lot 79 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ⁽²⁾	PN 37073/ M1/B3/6, No. Petak 6, No. Tingkat B3, No. Bangunan M1, Lot 79 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ⁽³⁾	Part of H.S. (D) 122585, PT 50002 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ⁽⁴⁾
Encumbrance and other material endorsements	<ol style="list-style-type: none"> Private caveat lodged by Hong Leong Bank Berhad vide presentation no. PDB6233/2021 dated 9 July, 2021 Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6763/2021 dated 27 July, 2021 Two private caveats lodged by MTrustee Berhad vide presentation no. PDB7576/2021 and PDB7577/2021 both dated 17 August, 2021 				Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6767/2021 dated 27 July, 2021	Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6767/2021 dated 27 July, 2021	<ol style="list-style-type: none"> Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6761/2021 dated 27 July, 2021 Private caveat lodged by MTrustee Berhad vide presentation no. PDB7579/2021 dated 17 August, 2021
Restrictions in interest	This land shall not be transferred, leased or charged unless with the consent of the Federal Territory Land Executive Committee of Kuala Lumpur <i>(Tanah ini tidak boleh dipindahmilik, dipajak atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur)</i>				This land shall not be transferred, leased, mortgaged or charged unless with the consent of the Federal Territory Land Executive Committee of Kuala Lumpur <i>(Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur)</i>		This land shall not be transferred, leased or charged unless with the consent of the Federal Territory Land Executive Committee of Kuala Lumpur <i>(Tanah ini tidak boleh dipindahmilik, dipajak atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur)</i>
Express conditions	This land shall only be used for commercial building for the purposes of office tower, hotel, shopping mall, shop offices and car park <i>(Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan menara pejabat, hotel, pusat membeli-belah, kedai pejabat dan tempat letak kereta sahaja)</i>				Office (<i>Pejabat</i>)		This land shall only be used for commercial site for the purposes of serviced apartment, office, car park, ballroom/pre-function and retail shops <i>(Tanah ini hendaklah digunakan untuk tujuan tapak perdagangan bagi tujuan pangsapuri servis, pejabat, tempat letak kereta, ballroom/ bilik pre-function dan kedai (retail) sahaja)</i>

REIT Portfolio

(continued)

Properties	Menara IGB & IGB Annexe	Centrepont South	Centrepont North	Boulevard Properties	Gardens South Tower	Gardens North Tower	Southpoint Properties
Type	Commercial						
Appraised value as at 31 December 2021 (RM'000)	189,000	192,000	196,000	80,000	394,000	386,000	572,000
Purchase consideration (RM'000)	188,900	190,500	196,500	78,000	391,500	382,100	573,500
Net Lettable Area (NLA) as at 31 December 2021 (sq ft)	263,352	232,237	232,202	53,715	423,618	426,673	516,107
Number of tenancies as at 31 December 2021	21	26	22	13	37	31	13
Occupancy rate as at 31 December 2021	68.0 % to 83.1%						
Number of car park bays as at 31 December 2021	Nil	Nil	Nil	Nil	Nil	Nil	1,315

Notes:

⁽¹⁾ Being the title of the land on which the MVC Phase 1 Properties are erected.

⁽²⁾ Together with accessory parcels A2, A6, A7, A8, A9, A10, A25, A31 and A42.

⁽³⁾ Together with accessory parcels A5, A15, A16, A17, A18, A19, A20, A21, A22, A29, A35 and A45.

⁽⁴⁾ Being the title of the land on which Menara Southpoint is erected.

REIT Portfolio

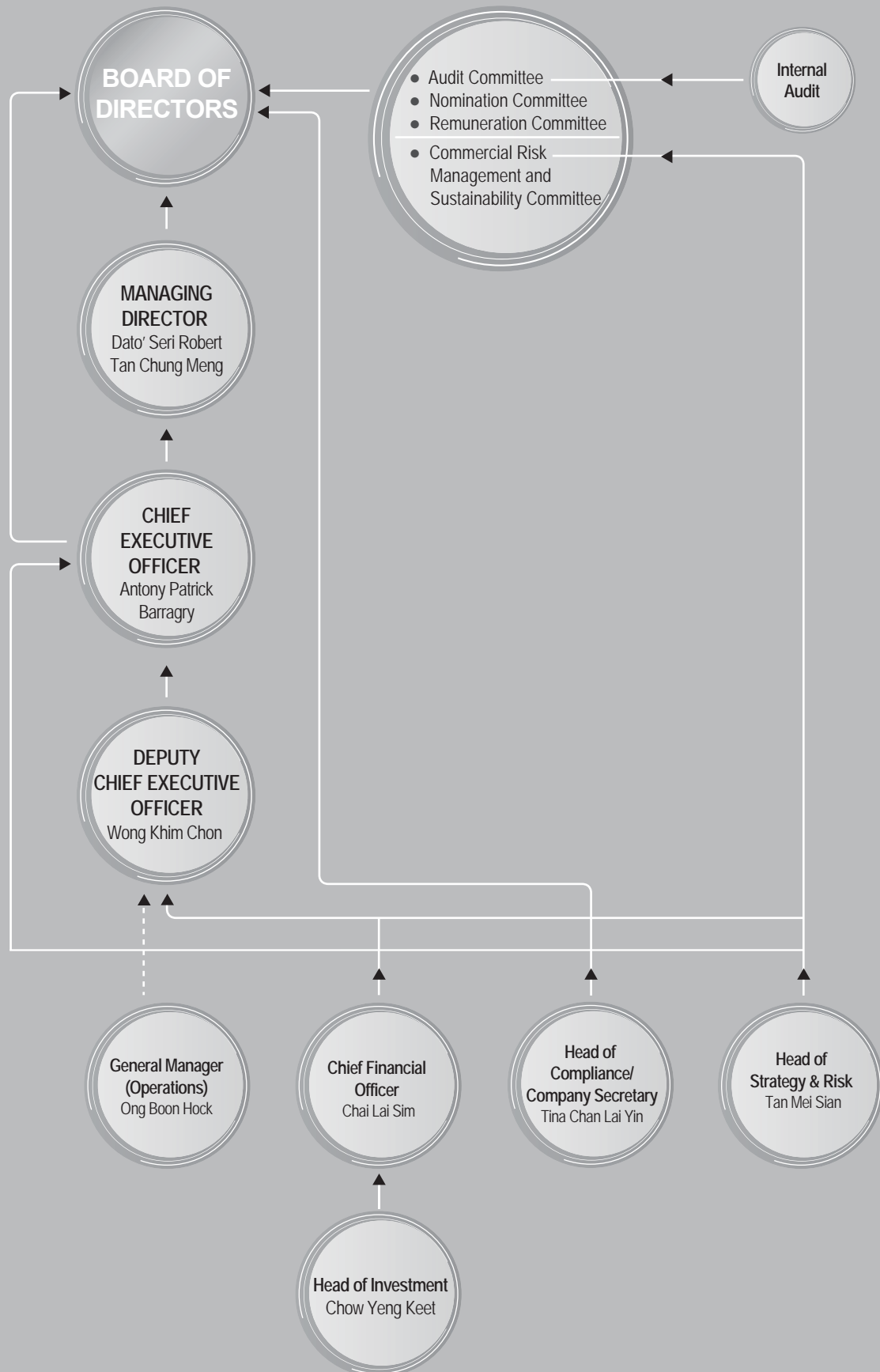
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GOLDEN TRIANGLE PROPERTIES

Properties	Menara Tan & Tan	GTower	Hampshire Place Office
Type of title	Individual	Individual	Strata
Tenure	Freehold	Freehold	Freehold
Land/Strata title particulars	Geran 26965, Lot 308 Seksyen 63, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Geran 53056, Lot 320 Seksyen 63, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Geran 42416/M1/B4/1, No. Petak 1, No. Tingkat B4, No. Bangunan M1, Lot 157 Seksyen 43, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ⁽¹⁾
Encumbrance and other material endorsements	<ol style="list-style-type: none"> Amendment pursuant to Section 380 of National Land Code registered on 21 October, 2021 vide presentation no. PDNB832/2021 Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6235/2021 dated 9 July, 2021 	Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6764/2021 dated 27 July, 2021	Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6760/2021 dated 27 July, 2021
Restrictions in interest	Nil (<i>Tiada</i>)		
Express conditions	This land shall only be used for commercial building <i>(Tanah ini hendaklah digunakan untuk bangunan perdagangan sahaja)</i>	This land shall only be used for commercial building for the purposes of offices and petrol station <i>(Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan pejabat dan stesyen minyak sahaja)</i>	Office (<i>Pejabat</i>)
Type	Commercial		
Appraised value as at 31 December 2021 (RM'000)	240,000	733,000	179,000
Purchase consideration (RM'000)	239,100	739,800	180,600
Net Lettable Area (NLA) as at 31 December 2021 (sq ft)	339,385	744,955	239,253
Number of tenancies as at 31 December 2021	33	76	21
Occupancy rate as at 31 December 2021	62.2% - 70.1%		
Number of car park bays as at 31 December 2021	543	1,044	286

⁽¹⁾ Together with accessory parcels A109, A137 and A201 to A234.

Organisation Structure of the Manager in respect of IGB Commercial REIT



Financial Highlights

STATEMENT OF COMPREHENSIVE INCOME	Financial Period* 31 December 2021	Forecast Period* 31 December 2021	Variance
Gross revenue (RM'000)	53,367	55,686	(2,319)
Net property income ("NPI") (RM'000)	36,595	35,390	1,205
Distribution income (RM'000)	26,483	26,029	454
Earning per Unit ("EPU") (realised) (sen)	0.93	0.93	0.00
Core EPU (sen)	0.95	0.93	0.02
Distribution per Unit (sen)	1.147	1.128	0.02
Annualised distribution yield (%)	6.22	6.11	0.11
Annualised management expense ratio (%)	0.86	0.73	0.13

GROSS REVENUE	Financial Period* 31 December 2021 RM'000
Mid Valley City Properties	35,411
Golden Triangle Properties	17,956
Total	53,367

NPI	Financial Period* 31 December 2021 RM'000
Mid Valley City Properties	25,512
Golden Triangle Properties	11,083
Total	36,595

* From 17 September 2021 to 31 December 2021

STATEMENT OF FINANCIAL POSITION	As at 31 December 2021
Investment properties (RM'000)	3,161,000
Total asset value (RM'000)	3,275,204
Total liabilities (RM'000)	976,659
Net asset value ("NAV") (RM'000)	2,298,545
NAV per Unit (RM)	0.9958

Mid Valley City Properties

- 1 Menara IGB & IGB Annexe
- 2 Centrepoint South
- 3 Centrepoint North
- 4 Gardens South Tower
- 5 Gardens North Tower
- 6 Southpoint Properties
- 7 Boulevard Properties

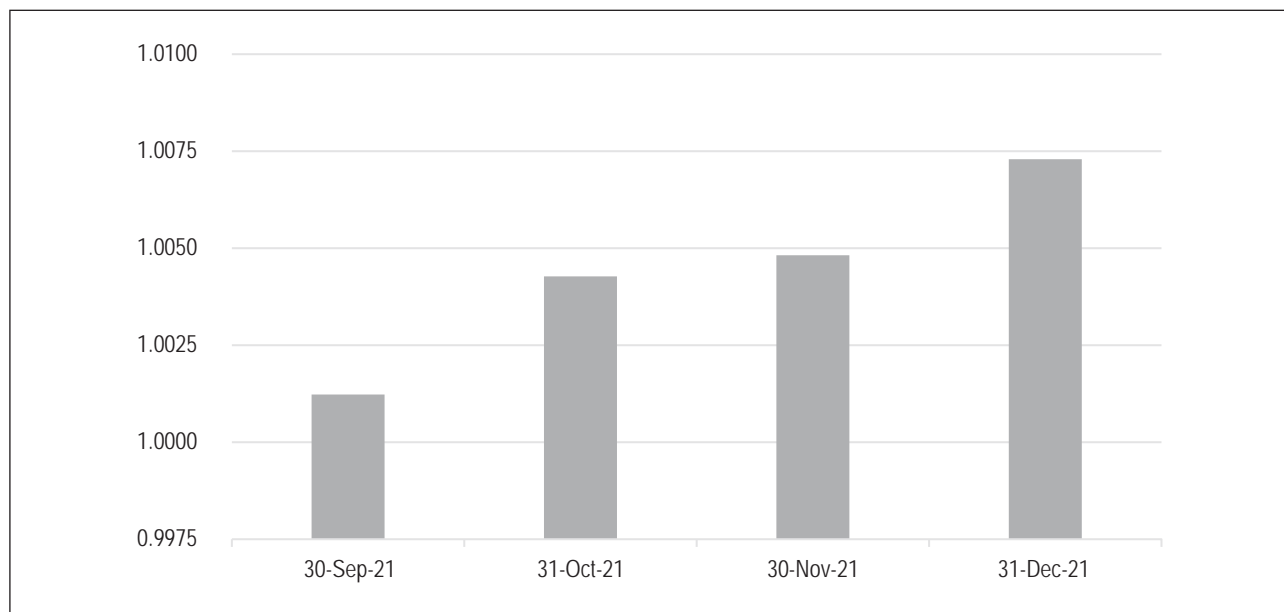
Golden Triangle Properties

- 1 Menara Tan & Tan
- 2 G Tower
- 3 Hampshire Place Office

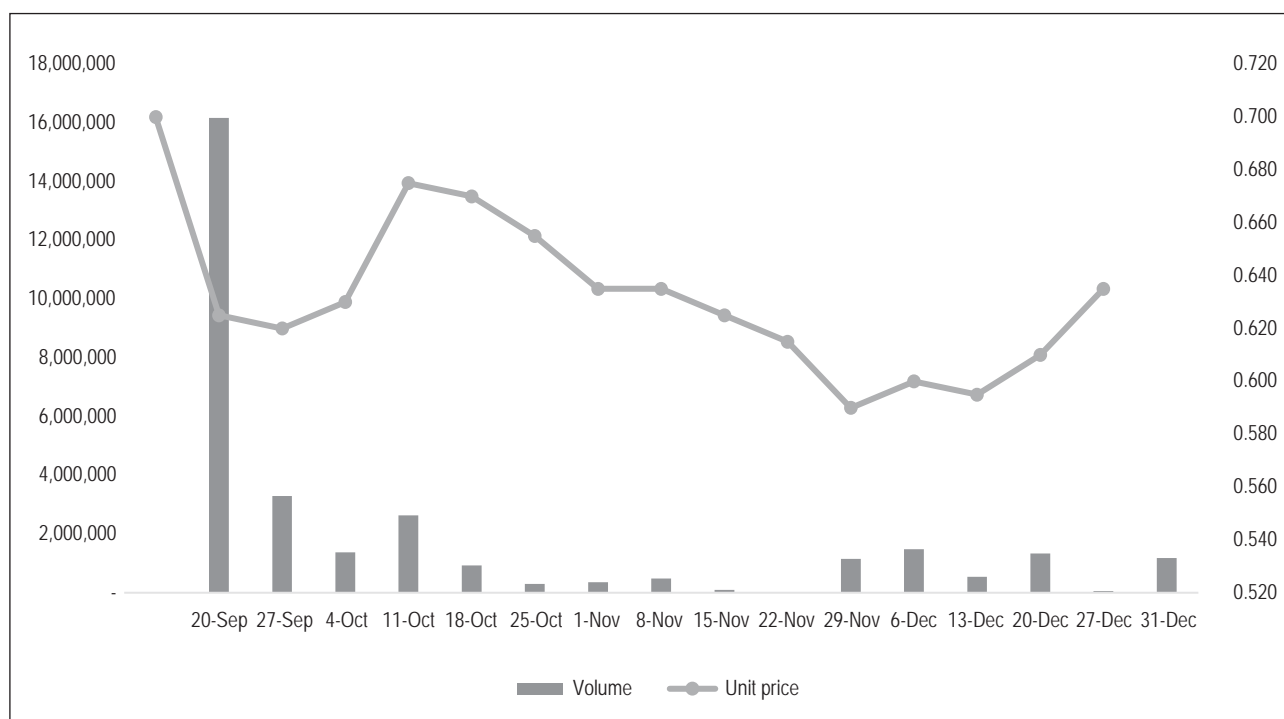
Financial Highlights

(continued)

NAV PER UNIT PERFORMANCE (BEFORE DISTRIBUTABLE INCOME)



UNIT PRICE PERFORMANCE FOR IGBCR 2021



Trading performance for IGBCR

Closing price as at 31 December 2021 (RM)	0.635
Highest Trading price during the financial period (RM)	0.740
Lowest Trading price during the financial period (RM)	0.585
Issued units (RM'000)	2,308,198
Market capitalisation as at 31 December 2021 (RM'000)	1,465,705

Financial Review

SUMMARY OF FINANCIAL RESULTS	Financial Period* 31 December 2021 RM'000	Forecast Period* 31 December 2021 RM'000	Variance RM'000
Total Revenue	53,367	55,686	(2,319)
Net Property Income	36,595	35,390	1,205
Distribution Income	26,483	26,029	454
Distribution per Unit (sen)	1.147	1.128	0.02
Annualised distribution per Unit (sen)	3.95	3.88	0.07

TOTAL REVENUE	Financial Period* 31 December 2021 RM'000	Forecast Period* 31 December 2021 RM'000	Variance RM'000
Mid Valley City Properties	35,411	35,775	(364)
Golden Triangle Properties	17,956	19,911	(1,955)
Total	53,367	55,686	(2,319)

NET PROPERTY INCOME	Financial Period* 31 December 2021 RM'000	Forecast Period* 31 December 2021 RM'000	Variance RM'000
Mid Valley City Properties	25,512	23,349	2,163
Golden Triangle Properties	11,083	12,041	(958)
Total	36,595	35,390	1,205

* From 17 September 2021 to 31 December 2021

UTILISATION OF PROCEEDS

A total of 2.3 billion units were issued by IGBCR to satisfy part of purchase consideration for the 10 investment properties as follows:-

Properties	Purchase Consideration (RM'000)	Consideration Units ('000)	Cash Consideration (RM'000)
<u>Mid Valley City Properties</u>			
Menara IGB & IGB Annexe	188,900	135,600	53,300
Centrepont South	190,500	136,700	53,800
Centrepont North	196,500	139,200	57,300
Gardens South Tower	391,500	284,600	106,900
Gardens North Tower	382,100	286,900	95,200
Southpoint Properties	573,500	417,300	156,200
Boulevard Properties	78,000	58,900	19,100
<u>Golden Triangle Properties</u>			
Menara Tan & Tan	239,100	174,500	64,600
GTower	739,800	542,100	197,700
Hampshire Place Office	180,600	131,500	49,100
	3,160,500	2,307,300	853,200

Management Discussion and Analysis

Dear Unitholders,

INTRODUCTION

2021 began with the world still battling the Covid-19 global pandemic. With so much unpredictability, IGB Commercial REIT remained resilient to withstand the various headwinds during the year.

IGB Commercial REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 20 September 2021. This Management Discussion and Analysis (MD&A) covers the period from 31 March 2021 to 31 December 2021 and provides a snapshot of the year, covering its initiatives and strategies.

BUSINESS OVERVIEW

IGB Commercial REIT is a REIT established with the principal investment policy of investing, directly and indirectly, in a portfolio of income producing Real Estate used primarily for commercial purposes in Malaysia and overseas.

IGB Commercial REIT is the sixth largest Malaysian REIT and the largest standalone office REIT in Malaysia to date, with 10 properties valued at RM3.2 billion and a net lettable area of approximately 3.4 million sq. ft.

The investment objective of IGB Commercial REIT is to provide Unitholders with regular and stable distributions, sustainable long-term Unit price and Distributable Income, and capital growth, while maintaining an appropriate capital structure.

2021 Highlights

Gross Revenue RM53,367,000	Net Property Income (NPI) RM36,595,000	Net Lettable Area (NLA) 3.4 million sq ft
Occupancy Rate 71.6%	Distribution Per Unit (DPU) 1.147 sen	Annualised Distribution Yield 6.22%
Property Valuation RM3.2 billion	Net Asset Value (NAV) per Unit RM0.9958	Market Capitalisation RM1.47 billion

OPERATING LANDSCAPE

IGB Commercial REIT was listed on the main Market of Bursa Malaysia at a volatile time for the real estate market.

Recent reports have suggested that the office sub-sector is facing a glut, driven not only by the pandemic and business closures or the scale down of operations, but also due to the sheer size of the incoming office supply.

According to the National Property Information Centre (NAPIC), for the first half of 2021, occupancy rate of purpose-built offices (private) in Kuala Lumpur fell to 72.2%, down 3.6 percentage points. Data also showed that some 70 office buildings within Kuala Lumpur or approximately 17.1% of all buildings have a vacancy rate in excess of 50%.

Although it was a tough year with many uncertainties, we remained steadfast in our decision to list IGB Commercial REIT on the main Market of Bursa Malaysia. Our Unitholders echoed our sentiment and shared their confidence in the value of our assets.

Over the last 12 months, our buildings have seen an improvement in prospects viewing our buildings, particularly after IGB Commercial REIT was listed. Our tenants are returning, renewing contracts and expanding their spaces.

Management Discussion and Analysis

(continued)

REVIEW OF PERFORMANCE

a) Group Financial Highlights

Group Financial Highlights	17.09.2021 to 31.12.2021 RM'000
Gross Revenue	53,367
Total Mid Valley City and Golden Triangle	
Menara IGB & IGB Annexe	3,122
Centrepoint South	3,975
Centrepoint North	3,550
Gardens South Tower	7,271
Gardens North Tower	6,951
Southpoint Properties	9,625
Boulevard Properties	917
Mid Valley City	35,411
Menara Tan & Tan	4,174
GTower	11,002
Hampshire Place Office	2,780
Golden Triangle	17,956
Net Property Income	36,595
Total Mid Valley City and Golden Triangle	
Menara IGB & IGB Annexe	2,085
Centrepoint South	2,895
Centrepoint North	2,460
Gardens South Tower	5,278
Gardens North Tower	5,025
Southpoint Properties	6,999
Boulevard Properties	770
Mid Valley City	25,512
Menara Tan & Tan	2,528
GTower	6,966
Hampshire Place Office	1,589
Golden Triangle	11,083
DPU (sen)	1.147
Distributable Income	26,483

b) Statement of Financial Position

Group Statement of Financial Position	As at 31.12.2021
Investment Properties (RM'000)	3,161,000
Total Assets Value (RM'000)	3,275,204
Cash and bank balance (RM'000)	109,341
Total Liabilities (RM'000)	976,659
NAV (RM'000)	2,298,545
NAV per Unit (RM)	0.9958
No. of Issued Units ('000)	2,308,198

c) Income Distribution

For the period ended 31 December 2021, a Distribution of 100% of the Distributable Income amounting to RM26.483 million or 1.147 sen per Unit is payable on 25 February 2022.

Management Discussion and Analysis

(continued)

REVIEW OF OPERATIONS

Change is often said to be the only constant. Although the year was filled with many headwinds, we held strong to our values, business strategies and initiatives as we pushed through the year.

Our strategy in retaining tenancy was to be in constant communication with tenants while taking the time to understand their challenges and needs.

As our tenants and their varied businesses were affected differently during the year, through engagements, we were able to address their tenancy needs and retain their tenancy. In total, we managed to retain 78% of our tenants in 2021 compared with 66.3% in 2020.

With the 'new normal' becoming a norm, many tenants reconfigured their office spaces to offer singular workstations and spacious engagement areas to comply with the stringent Standard Operating Procedures (SOPs) in place.

This has given us fresh ideas, which will allow IGB Commercial REIT to remain at the forefront of trends suited to the needs of various tenants.

Increased Committed Occupancy for Year 2022 as at 31 December 2021:

- Southpoint Properties – 94.2% (from current 72.1%)
- Menara IGB & IGB Annexe – 73.7% (from current 68%)
- Gardens South Tower – 81.4% (from current 80.2%)
- Centrepoint North – 83.3% (from current 77.8%)
- Centrepoint South – 84.0% (from current 82.4%)

New Tenants

During the year, we acquired several new tenancies across our buildings. These include:

Building	Tenant	Size
Southpoint Properties	Shopee	76,482 sqft
Centrepoint South	Copper Space	3,631 sqft
GTower	Alur Bistari	1,496 sqft
GTower	YMG (MM2H) Sdn Bhd	2,530 sqft
Menara Tan & Tan	Yatiswara	2,200 sqft
Menara Tan & Tan	Icon Ship Management	11,828 sqft
Total		98,167 sqft

Improving Business Outcomes

With tenants' expectations constantly evolving, our tenant retention strategy is focused primarily on engagement with them. Towards this end, we have adopted various strategies to maintain and grow our occupancy rate including:

a. Partnerships

We are constantly identifying partnership opportunities amongst tenants. These opportunities help increase their brand exposure and provides cross collaborative business opportunities among tenants located in the Golden Triangle and Mid Valley City.

The wide range of businesses among our tenants offers opportunities for them to leverage onto one another, driving sales and exposure for their business. This partnership strategy improved our relationship with the tenants and was a strong pull factor in tenant retention.

b. Tenants' Events

We were actively involved with events organised by our tenants including launches, promotions and business-related sessions.

This has allowed us to build stronger connections with our tenants whilst giving us a platform to gain better insights into the nature of their businesses so we can cater to their needs.

c. Safety

The safety and well-being of tenants remained at the forefront and we adopted many safety measures across all buildings. This included frequent disinfection in common areas, improved indoor air quality by optimising ventilation through our central air conditioning systems, installing air purifiers with Ultraviolet (UV) light in all elevators, suraus and meeting rooms, installing permanent high-performance UV light to purify the air in all Air Handling Units (AHU) as well as placing thermal scanners and hand sanitisers at strategic locations and entrances.

Management Discussion and Analysis

(continued)

In addition to these, the team also prepared and implemented Safety Checklists, Emergency Response Procedures and Self-Declaration Forms. We also introduced a Work-from-Home Policy for employees and ensured staff underwent testing when required.

Throughout the year, our Safety & Health team focused its efforts on regularly reviewing and updating the Covid-19 preparedness policies. This was done in line with the updates and revisions from the relevant health authorities and government agencies in order to provide timely and clear communication to all stakeholders.

Some of the significant initiatives adopted during this time include:

- **GERM-FREE' Surface Disinfectant Spray**

We use the SDPRO Disinfection Nanotechnology Antimicrobial Spray extensively on high touch surfaces in common areas. The SDPRO Disinfection Spray has an efficacy rate of 99.999% in killing bacteria, viruses, fungi, or mold. It continues to kill microbes 24/7 and prevents the occurrence of re-contamination for 12 months. For employees and tenants' ease of mind, there are 'Germ-free' stickers all around the common places of a building where this disinfectant coating was applied.

- **Regular Disinfection Misting Procedure**

Regular disinfection procedures with ULV Misting Machine and approved disinfectant solution were carried out by the housekeeping department. The area is vacated and only authorised housekeeping personnel conducted the disinfection, while wearing proper Personal Protective Equipment (PPE).

- **Daily Cleaning and Disinfection**

Daily cleaning and disinfection processes were scheduled regularly to further protect frequent high touch surfaces, common areas, and amenities in all buildings. This disinfection process was carried out by the housekeeping department with approved chemicals at two-hour intervals during weekdays.

- **Strict Contactless and Rapid Scanning**

In mitigating the risk of spreading Covid-19, all buildings strictly abided by the SOPs set by the authorities. Individuals were required to present their MySejahtera profile to the security personnel before going through the contactless rapid temperature scanner and scan their MySejahtera QR Code. Only individuals with 'Low Risk' or 'Casual Contact No Symptom' status and a body temperature below 37.5°C were allowed into the building.

- **Improving Indoor Air Quality (IAQ)**

Air Handling Unit Coil Cleaning

The Air handling Unit Coil was thoroughly cleaned inside the AHU. This ensures a safe level of IAQ, preserve system longevity and save energy.

Microorganism Filter Treatment in AHU

We have engaged the services of Airestec™ to maintain the efficiency of the AHU by applying a layer of microorganism filter treatment in the AHU filters. This process helped prevent contamination, improved dust filtration, and has an overall lasting effect towards improving indoor air quality.

Installation of UVC lights

We are in the process of installing high-performance UVC lights in the AHUs in the buildings to sterilise surfaces and purify the air in the AHUs. UVC light uses specific ultraviolet light wavelength to neutralise microorganisms. It deactivates the DNA of microorganisms like bacteria, viruses, and other pathogens, disrupting their ability to multiply and cause disease. This method has been proven to be most effective at killing germs, viruses and bacteria. Prior to mounting permanent UVC lights, mobile UVC lights were used in the AHU rooms and other high-risk areas such as lifts and surau.

UV Air Purifiers in passenger lifts

All the passenger lifts have been equipped with air purifiers that comes with UV sterilisation. These air purifiers operate automatically throughout the day and continuously disinfect the air within the elevator.

- **Hand Sanitiser Dispenser**

Apart from distributing hand sanitisers to employees, the automatic HOUM Hand Sanitiser Dispensers were installed throughout the common areas of our buildings. This is a high-quality no-rinse hand sanitiser in foam form formulated from 100% plant-based ingredients. This zero-alcohol solution is non-sticky and will not irritate sensitive skin.

Management Discussion and Analysis

(continued)

- **Fire Safety**

To ensure our tenants and visitors were protected against any fire related incidence, we have in place fire emergency plans, fire extinguishers and fire detection systems. Fire drills were also carried out informing tenants of the fire escape routes, fire doors and emergency safety signs at strategic locations in the building. We also ensure all electrical hazards and flammable materials are safely stored.

- **Car Park Safety**

In all car parks, we ensure sufficient lighting was installed and regularly check on air quality and temperature as well as movement around the car park. Our security was also alerted to prevent occupational violence or aggression such as threats of violence, sexual assault, and use of vehicles for assault.

- **Lift Safety**

Frequent checks and maintenance schedules for all elevators were conducted. Notice of power supply disruptions, warning signs or notices, instructions to follow in case of an emergency were also displayed clearly in all elevators.

- **Preventing unauthorised entry into the building**

In an effort to manage unauthorised entries, Visitor Management System, Surveillance and Monitoring of any suspicious acts were executed. All record of visitors were accurately documented.

- **Cyber security risk**

The IGB Group Information Technology division (GIT) ensures that there are relevant as well as up-to-date preventive, detecting, and recovery measures to prevent any form of cyber threats.

- **Terrorist threats**

We work together with Polis Diraja Malaysia and other enforcement agencies to prepare against terrorists' threats. Procedures and protocols are in place in the event of a threat. We also have a trained security team who are competent in handling and monitoring suspicious situations.

- **Liquefied Petroleum Gas (LPG) risks**

To ensure the safe use of LPG, we conducted regular checks on the storage space. We make sure it is away from heat source and have a good ventilation. Clear reminders to shut the cylinder valve when the appliance is not in use is in place and we adhered to all safe handling procedures while ensuring regular maintenance with the LPG supplier.

d. **Building Upgrades and Enhancement**

The upkeep and maintenance of every building is an ongoing effort. We are in the midst of installing an additional five elevators in G Tower that are expected to be completed by 2022. We replaced all T5 fluorescent lamps (28W) with T8 LED lights (14.5W) at the carpark areas to reduce our electricity consumption.

The building AC system in Menara Tan & Tan has been converted from Water Cool Package Unit (WCPU) to Chilled water system, while in Southpoint Properties, we provisioned green car park lots that provide dedicated parking areas to encourage the use of low gas emitting and fuel-efficient vehicles (hybrid or electric). Apart from that, Carbon Monoxide (CO) sensors were integrated for regulating the fresh air intake and exhaust ventilation to ensure healthy indoor air quality in the basement car parks.

The existing obsolete car operating panel (COP) buttons and hall buttons have also been upgraded in Menara IGB. In Centrepont South and Centrepont North, upgrading of existing service lifts to energy efficient lifts was introduced to improve the level of service and enhance energy savings for vertical transportation.

FACING CHALLENGES HEAD ON

Over the last 12 months, employee movement to the buildings were restricted during the various Movement Control Orders. However we managed to maintain essential services in all our buildings to allow tenants' business operations to continue.

Some vendors were unable to travel and source for building materials. As such part of the building maintenance and upgrading work were delayed. During this period, we worked to reassess and re-schedule all major upgrading work.

Travel restrictions also prevented our regular site visits with prospective tenants. We overcame this with the use of technology, by utilising videos and pictures in lieu of physical site visits and have virtual discussions.

Management Discussion and Analysis

(continued)

Existing and rising competitors led to an oversupply in the market and a price war. The emergence of the 70-acre Tun Razak Exchange (TRX) financial district has brought in a supply amounting to 2.65 million sq.ft. of premium office space and this has certainly added pressure for the other grade office spaces available in Klang Valley. Approximately 5 km from TRX is Kuala Lumpur City Centre and Petronas Twin Towers which have 3.2 million sq ft of space. Additionally, in the heart of Kuala Lumpur, there is also the 20-acre mixed integrated development, Bukit Bintang City Centre (BBCC) which are also actively looking for tenants. With all these premium office buildings within a 10km radius, there is a heightened need for us to entice new tenants to choose us with our unique value propositions.

We continue to engage with our stakeholders via virtual meetings and virtual viewings. While the pandemic did not affect all sectors the same way, we were thankful that we were able to maintain the highest standards in these trying times.

2022 PLANS

We will continue with our strategy of tenant retention, asset enhancement and tenant engagement. We believe in a long-term business partnership with our stakeholders. A healthy and safe working environment will remain a top priority as we navigate through 2022.

We will explore renewable energy enhancements where possible, to improve efficiencies and move towards sustainability. One of our plans is to increase electric vehicle (EV) charging stations in our buildings.

As the largest standalone office REIT in Malaysia, IGB Commercial REIT offers a variety of offices within strategic locations that appeal to a wide range of tenants and businesses. We are in good standing with our tenants and we offer a value proposition that keeps us at an edge amidst our competitors.

RISK MANAGEMENT INTEGRAL TO SUSTAINED SUCCESS

IGB Commercial REIT adopts a proactive approach to risk management and has in place the IGB Commercial REIT Strategy & Risk Framework (Framework) which is based on the Committee of Sponsoring Organisations of the Treadway Commission's (COSO) Enterprise Risk Management (ERM) updated framework of 2017 – Integrating with Strategy and Performance, which focuses on integrating risk and strategy in the organisation.

The Framework puts in place a robust risk management process which allows us to not only identify, assess and manage significant business risks in a timely manner but also to help achieve our strategic objectives.

a. Interest Rate Risk

IGB Commercial REIT's borrowings are substantially made up of floating rate unrated Medium-Term Notes which exposes IGB Commercial REIT to the risk of fluctuations resulting from changes in interest rates. The Manager is actively monitoring the market changes in interest rates to ensure that any risk from significant fluctuations is managed effectively. Other than the above, IGB Commercial REIT's income and cash flows are largely independent of changes in market interest rates.

b. Credit risk

Credit risk arises from credit exposures to outstanding receivables from the tenants, as well as cash, cash equivalents, and deposits held with banks and financial institutions.

Credit risk with respect to trade receivables is limited due to the nature of business which is mainly rental related and cash-based. Credit risks arising from outstanding receivables from the tenants are mitigated through a strict selection of tenants and/or business associates with high creditworthiness. Trade receivables are monitored on an on-going basis via compliance with standard operating and reporting procedures. IGB Commercial REIT does not have any significant exposure to any individual or group of tenants or counterparties.

In view of the above, no additional credit risk beyond amounts allowed for collection losses is inherent in IGB Commercial REIT's trade receivables.

With regards to cash, cash equivalent and deposits held with banks and other financial institutions, IGB Commercial REIT only engages licensed financial institutions with high credit ratings assigned by credit rating agencies. As such, the risk of any material loss resulting from non-performance by a financial counterpart is low.

c. Liquidity and Cash Flow Risk

The rolling forecasts of liquidity requirements are monitored to ensure there is sufficient cash to meet operational needs while maintaining sufficient headroom on the committed borrowing facilities.

Adequate cash, cash equivalents and bank facilities are maintained and monitored to finance operations, distribute income to unitholders, and mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts (REIT Guidelines) concerning limits on total borrowings.

Cash and bank balances are expected to assist in liquidity and cash flow risk management.

Management Discussion and Analysis

(continued)

d. Capital Management

Capital is the unitholders' capital and borrowings.

The overall capital management objectives are to safeguard our ability to continue as a going concern so that we are able to provide returns for unitholders and other stakeholders, as well as maintain an efficient capital structure.

The Manager's on-going capital management strategy involves maintaining an appropriate gearing level and adopting an interest rate management strategy to manage the risks associated with refinancing and changes in interest rates. The Manager intends to implement this strategy by diversifying sources of debt funding to the extent appropriate, maintaining a reasonable level of debt service capability, securing favourable terms of funding, managing our financial obligations and where appropriate, managing the exposures arising from adverse market interest rates, such as through fixed rate borrowings, to improve the efficiency of the cost of capital.

The gearing profile of IGB Commercial REIT is as follows:-

	31.12.2021
	RM'000
Borrowings	851,431
Cash and bank balances	109,341
Net Borrowings	757,977
Total Unitholders' fund	2,298,545
Net gearing (%)	33%
Loan-to-total asset value (LTV) (%)	26%

As at 31 December 2021, net gearing was 33% and LTV was 26%, which is below the limit (60% of TAV until 31 December 2022 announced by Securities Commission Malaysia in August 2020).

e. Business/Market Risk

2021 has been a challenging year with fallout from the Covid-19 pandemic lingering throughout the industry. In particular, outbreaks, the various Movement Control Orders and National Recovery Plans led to changes in industry trends with the continued adoption of work-from-home practices.

Throughout, we have prioritised close engagement with existing tenants, catering to their needs for expansion as well as providing a safe and healthy environment for staff returning to work. Special attention is being paid to enhance the indoor air quality of our properties. At the same time, aggressive marketing and extensive outreach to agents and other intermediaries are being deployed, supported by the provision of flexible and attractive rental packages to attract and secure new tenancies.

With signs of potential recovery of economic conditions together with the resumption of business activities at the end of the year, we will strive to continue our focus on the health and safety of our communities as we work towards becoming the preferred partner for quality real estate solutions whilst creating sustained long-term value and enhancing returns to our stakeholders.

f. Regulatory and Compliance Risk

IGB Commercial REIT is subject to Malaysia's local laws and regulations which include those relating to employment, data privacy, and anti-corruption, amongst others. We have in place a framework which not only allows us to proactively identify any new laws or regulatory obligations that apply to us, but ensures that all business units comply with them in their day-to-day operations. Our teams work hard to ensure that we remain compliant with all applicable laws and regulations and are prepared to manage any changes which may impact our business.

g. Tenant Concentration Risk

To mitigate our exposure to tenant concentration risks, we employ proactive leasing strategies, actively engage tenants for forward renewals, and spread out the portfolio lease expiry profile. We also closely monitor the business sectors of all tenants and work to support them where appropriate. Moreover, we continually assess our tenant mix to diversify tenant concentration across business size, type and industry within all properties.

h. Human Capital Risk

Chartwell ITAC International Sdn Bhd (Property Manager) has engaged IGB Property Management Sdn Bhd (Service Provider) to employ and manage the people who run our properties.

The Service Provider is committed to attracting, retaining, and developing the talent we need to drive sustainable growth and believe in cultivating an environment that empowers our employees to effect change and actively be part of our growth journey. Talent development is the key component of the human capital development approach adopted by the Service Provider. They ensure that all employees not only receive the training they need to excel professionally, but are also supported should they wish to pursue longer term certifications. Employment packages are also competitive, with all employees receiving comprehensive medical coverage and insurance.

Management Discussion and Analysis

(continued)

In order to ensure that we continue to attract and retain the right people for our business, the Service Provider review, assess, and update human capital development policies and procedures regularly. They do this to ensure that we remain a vibrant and dynamic organisation that is able to retain and attract talent. Examples of some of the areas that the Service Provider look into include identifying potential staffing gaps and redeploying staff where required, reviewing existing succession plans, and exploring initiatives to better retain staff.

People have and will be the heart of our business, and it is the belief of the Service Provider that it is only through investing in people that we can realise our potential as a business and continue to have a positive impact on our communities.

i. Terrorist Threats

The threat of a terrorist attack on one of our properties continues to be very real. We take security on our properties very seriously and work in partnership with Polis Diraja Malaysia and other enforcement agencies to ensure that we receive timely information and intelligence on potential threats so that we are able to prepare and take preventive measures where required.

We also strengthen our security procedures and protocols as well as work on keeping our crime prevention activities up to date. We invest in the training of our security teams as well as in electronic security devices which help to monitor, detect, and deter crime.

j. Health & Safety Risk

Health and Safety incidents that occur in our properties affect the lives of our communities. Not only could they result in loss of life, any lapses may also cause a loss of confidence in our business and impact our reputation. These in turn will affect the profitability and long-term sustainability of our business.

We are committed to prioritising the health and safety of our employees and tenants and have a zero tolerance for any loss of life. Our Safety and Health Committee oversees the health and safety of our business and works to ensure that our health and safety policies are kept up to date and incorporated into our daily operations. Our teams also track all health and safety incidents that occur within our properties and ensure that they are thoroughly investigated, with all the necessary follow up actions taken.

Regular safety briefings, trainings, and inspections are carried out to ensure compliance with the Occupational Safety and Health Act, and to manage safety risks within our properties. Fire drills are also held annually to ensure that all employees and tenants are familiar with escape routes as well as the actions needed to be taken in the event of an emergency. Our Safety and Health Committee meets once every quarter to review all matters pertaining to health and safety within our properties.

During the year, we have continued to maintain stringent measures to address the health and safety risk posed by the Covid-19 pandemic through equipping our staff with face masks, hand sanitisers and training on standard operating procedures for managing Covid-19 related incidents. On top of the existing preventive measures (thermal scanners, face mask requirements, social distancing markers, sanitising stations, etc), we have further implemented additional measures during the year including entry checks on tenant and visitor MySejahtera status as well as installation of air purifiers at all elevators throughout our properties.

k. Information and Cyber Security Risk

A breach or failure of IGB Commercial REIT's information technology systems could disrupt our operations, result in a breach of compliance obligations, cause reputational damage, and expose us to financial/data loss.

To mitigate these threats, the Group Information Technology (GIT) division of IGB Berhad, the Manager's parent company, have established policies and procedures to manage IGB Commercial REIT's IT security risks. They have worked to ensure that there are relevant preventive, detective, and recovery measures in place. GIT department also monitors the health of all systems and performs contingency planning for disruptions to critical systems and processes.

This year, the GIT department has deployed critical cybersecurity software including ransomware protection, log management and privilege access management across key systems as well as patched system vulnerabilities highlighted from the previous year's cyber security posture assessment. As a subsidiary of IGB, we also subscribe to IGB's updated Cybersecurity policy and IT Acceptable Use policy.

Profile of Directors

TAN SRI DATO' PROF. LIN SEE YAN

(Malaysian, male, age 82)

Chairman/Independent Non-Executive Director (INED)

Board Appointment : 27 April 2012

Board Committee(s) : Chairperson of Nomination and Remuneration Committees, and a member of Audit Committee

Academic/Professional Qualification/Working Experience : Tan Sri Dato' Prof. Lin is an independent strategic and financial consultant. Prior to 1998, he was Chairman/President and Chief Executive Officer of Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia (the Central Bank), having been a central banker for 34 years. Tan Sri Dato' Prof. Lin continues to serve the public interest, including Member of a number of key Steering Committees at Ministry of Higher Education; Economic Advisor, Associated Chinese Chambers of Commerce and Industry of Malaysia; Member, Asian Shadow Financial Regulatory Committee; Board Director, Sunway Berhad and Sunway University Sdn Bhd; and Governor, Asian Institute of Management, Manila.

Tan Sri Dato' Prof. Lin is Chairman Emeritus of Harvard University's Graduate School Alumni Association Council in Cambridge (USA) as well as President, Harvard Club of Malaysia. He is also Pro-Chancellor & Research Professor, Sunway University; Pro-Chancellor, Universiti Teknologi Malaysia; Professor of Economics (Adjunct), Universiti Utara Malaysia; and Trustee of the Tun Ismail Ali Foundation (PNB), Harvard Club of Malaysia Foundation, Prime Minister's Exchange Fellowship Malaysia, Malaysian Economic Association Foundation and Jeffrey Cheah Foundation.

Professionally qualified in the United Kingdom as a Chartered Statistician, Tan Sri Dato' Prof. Lin is also banker, economist and venture entrepreneur, having received three post-graduate degrees from Harvard University (including a PhD in Economics) where he was a Mason Fellow and Ford Scholar. He is a British Chartered Scientist. Tan Sri Dato' Prof. Lin is an Eisenhower Fellow and a Fellow of the IMF Institute (Washington DC), Royal Statistical Society (London), Asian Institute of Chartered Bankers, Malaysian Insurance Institute (Hon.), Malaysian Institute of Management and Malaysian Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies in Malaysia.

Tan Sri Dato' Prof. Lin advises the Board of several public companies, and a number of business enterprises in Malaysia, Singapore and Indonesia engaged in mining, petroleum related products, property development, software and private equity.

Public Company Directorship(s) : IGB REIT Management Sdn Bhd (Manager of IGB Real Estate Investment Trust) (*Chairman/INED*)
Ancom Berhad (*Non-Executive Director*)
Nylex (Malaysia) Berhad (*Non-Executive Director*)
Sunway Berhad (*Non-Executive Director*)
Wah Seong Corporation Berhad (*Non-Executive Director*)

DATO' SERI ROBERT TAN CHUNG MENG

(Malaysian, male, age 69)

Managing Director (MD)/Non-Independent Executive Director (NIED)

Board Appointment : 21 March 2012

Academic/Professional Qualification/Working Experience : Dato' Seri Robert Tan has vast experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years experience in the property and hotel industries. After studying Business Administration in the United Kingdom, he was attached to a firm of chartered surveyor for a year. He had developed a housing project in Central London before returning to Malaysia. His stint in the property industry began with IGB Corporation Berhad (IGBC) in 1995 when he was appointed Joint MD and subsequently redesignated to Group MD in 2001. He was involved in various development projects carried out by IGBC Group, in particular Mid Valley City. From inception to the realisation of Mid Valley Megamall (MVM) and The Gardens Mall (TGM), he was actively involved in every stage of their developments. He is instrumental to the development and success of MVM and TGM, and more importantly, in retaining their positions as prime shopping hotspots in the Klang Valley. Following the delisting of IGBC on 16 March 2018, he was appointed as Group Chief Executive Officer (CEO) of IGB Berhad (IGB) on 30 March 2018.

Dato' Seri Robert Tan was the recipient of "The Edge Malaysia Outstanding Property CEO Award 2019".

Public Company Directorships : IGB (*Group CEO*)
IGB REIT Management Sdn Bhd (Manager of IGB Real Estate Investment Trust) (*MD/NIED*)
IGBC (*Group Managing Director*)
Tan & Tan Developments Berhad
Wah Seong Corporation Berhad (*Non-Executive Chairman*)
Yayasan Tan Kim Yeow

Profile of Directors

(continued)

HALIM BIN HAJI DIN

(Malaysian, male, age 75)

Independent Non-Executive Director (INED)

Board Appointment	: 27 April 2012
Board Committee(s)	: Chairperson of Audit Committee, and a member of Remuneration and Nomination Committees
Academic/Professional Qualification/Working Experience	: Halim bin Haji Din is a Chartered Accountant who spent more than 30 years working for multinational corporations and international consulting firms. He accumulated 18 years of experience working in the oil and gas industry - 6 years of which as a Board member of Caltex/Chevron, responsible for financial management before engaging in the consulting business. Prior to his appointment as a Board member of Caltex Malaysia, he served as Regional Financial Advisor for Caltex Petroleum Corporation Dallas, Texas, overseeing investment viability of the corporation's Asian subsidiaries. He also had an extensive experience in corporate recovery when he worked for Ernst & Whinney, London, United Kingdom in mid-1980's. He was appointed as Managing Partner of the consulting division of Ernst & Young Malaysia from 1995. He later became the Country Advisor of Cap Gemini Ernst & Young Consulting Malaysia when Cap Gemini of France merged with Ernst & Young Consulting. In 2003, he with two partners took over the consulting business of Cap Gemini Ernst & Young Malaysia through a management buyout and rebranded it as Innovation Associates, currently known as IA Group, where he is currently the Chairman of the group. He was a Council Member of the Malaysian Institute of Certified Public Accountants (MICPA) from 1994 to 2003. He previously served as an independent and non-executive director on the board of MMC Corporation Berhad (5 years), Takaful Ikhlas Berhad (10 years), Employees Provident Fund (4 years), Kwasa Land Sdn Bhd (3 years) and BNP Paribas Berhad (9 years). He is the fellow member of MICPA and Malaysian Institute of Accountants.
Public Company Directorship(s)	: IGB REIT Management Sdn Bhd (Manager of IGB Real Estate Investment Trust) (INED) Wah Seong Corporation Berhad (Non-Executive Director)

LE CHING TAI @ LEE CHEN CHONG

(Malaysian, male, age 80)

Independent Non-Executive Director (INED)

Board Appointment	: 27 April 2012
Board Committee(s)	: A member of Audit, Remuneration and Nomination Committees
Academic/Professional Qualification/Working Experience	: Lee Chen Chong is a Fellow of the Chartered Institute of Bankers (FCIB), London. He spent a total of 34 years in commercial and international banking with local as well as banks overseas. He commenced his banking career with Malayan Banking Berhad in 1962 and was later the General Manager of the bank's London branch from 1972 to 1985. From 1985 to 1993, he was Executive Director of Malaysian French Bank Berhad (now known as Alliance Bank Berhad) and subsequently appointed the Managing Director until he relinquished the post at the end of 1993. The next four years saw him spend time overseas as President and a Director of international banks in the Czech Republic, Hungary and Malta Island. He was associated with Multi-Purpose Holdings Berhad group from 1989 until his retirement as Executive Director in end 2000. He was also Executive Director of Ipuda Berhad from December 2001 until retiring in January 2008.
Public Company Directorship(s)	: IGB REIT Management Sdn Bhd (Manager of IGB Real Estate Investment Trust) (INED)

Profile of Directors

(continued)

ROBERT ANG KIM PACK

(Malaysian, male, age 64)

Independent Non-Executive Director (INED)

- Board Appointment : 26 August 2020
- Board Committee(s) : A member of Remuneration and Nomination Committees
- Academic/Professional Qualification/Working Experience : Robert Ang graduated from the University of Waterloo (Canada) with a Bachelor's Degree in Mathematics. A registered estate agent, Robert joined Rahim & Co in 1982 and has extensive experience in the field. Robert was the Managing Director of the Agency in Rahim & Co. for 30 years prior to retiring in 2019.

Over his 38-year career, he has been key in developing the firm's business; working closely with and advising local public-listed companies, foreign governments, multinationals and high net worth individuals on all aspects of their property requirements. Over the last 15 years, Robert has also advised the United Kingdom and German governments in acquiring and disposing of properties worth more than RM750 million. In 2015, he headed the team appointed by Black Rock and successfully concluded the sale of the Integra Tower at the Intermark, Kuala Lumpur at RM1 billion. In addition to agency and consultancy work, Robert has considerable experience in valuation and property management.

- Public Company Directorship(s) : IGB REIT Management Sdn Bhd (Manager of IGB Real Estate Investment Trust) (INED)

ELIZABETH TAN HUI NING

(Malaysian, female, age 38)

Non-Independent Executive Director (NIED)

- Board Appointment : 27 April 2012
- Academic/Professional Qualification/Working Experience : Elizabeth Tan Hui Ning graduated with First Class Honours from Cardiff University, Wales, United Kingdom with a degree in Business Administration (BSc) in June 2004.

She is the Joint Chief Operating Officer and Head of Operations/Leasing, The Gardens Mall (TGM). She joined Mid Valley City Gardens Sdn Bhd in August 2004, and appointed Executive Director in January 2011, and currently the Chief Executive Officer, responsible for the overall operation of TGM.

- Public Company Directorship(s) : IGB REIT Management Sdn Bhd (Manager of IGB Real Estate Investment Trust) (NIED)

TAN MEI SIAN

(Malaysian, female, age 38)

Non-Independent Executive Director (NIED)

- Board Appointment : 11 June 2020
- Board Committee(s) : A member of Commercial Risk Management and Sustainability Committee
- Academic/Professional Qualification/Working Experience : Tan Mei Sian graduated from the London School of Economics and Political Science with a Bachelor of Science in Economics. She was previously an Engagement Manager at Oliver Wyman, specialising in financial services strategy and risk management consulting, having worked with major financial institutions in the United States, United Kingdom, Netherlands, China, Taiwan, Hong Kong, Singapore, Malaysia, Thailand and Australia. She was a non-independent executive director of Goldis Berhad (has been renamed as IGB Berhad (IGB) on 20 March 2018) from 18 May 2016 to 30 August 2018. After the privatisation of IGB Corporation Berhad by IGB, she assumed the role of the Head of Group Strategy & Risk and the ExCo Chairman of Property Investment (Commercial) Division.

- Public Company Directorship(s) : IGB (Alternate Director)
IGB REIT Management Sdn Bhd (Manager of IGB Real Estate Investment Trust) (NIED)
Tan & Tan Developments Berhad (Alternate Director)

Profile of Directors

(continued)

TAN LEI CHENG

(Malaysian, female, age 64)

Non-Independent Non-Executive Director (NINED)

Board Appointment	: 27 April 2012
Board Committee(s)	: A member of Nomination Committee and Remuneration Committee
Academic/Professional Qualification/Working Experience	: Tan Lei Cheng holds a Bachelor of Commerce from University of Melbourne, Australia and a Bachelor of Law from King's College, London (LLB Hons), England. She was admitted to the English Bar in 1983. She is a member of the Lincoln's Inn and the Young Presidents' Organisation (Gold), Malaysia Chapter.

She has more than 40 years experience in the property industry and corporate sector. She was Chief Executive Officer of Tan & Tan Developments Berhad (Tan & Tan) from March 1995, a property development company that was listed on Bursa Malaysia Securities Berhad. Following the completion of the merger between IGB Corporation Berhad (IGBC) and Tan & Tan on 8 May 2002, she assumed the role of Executive Chairman and Chief Executive Officer of Goldis Berhad (Goldis) (now known as IGB Berhad (IGB), which took over the listing of Tan & Tan). Following her retirement on 31 December 2016, she assumed the role as Non-Executive Chairman of Goldis. After the privatisation of IGBC by IGB on 16 March 2018, she remains as Non-Executive Chairman of IGB.

Public company Directorship(s)	: IGB (<i>Non-Executive Chairman</i>) IGB REIT Management Sdn Bhd (Manager of IGB Real Estate Investment Trust) (<i>NINED</i>) Tan & Tan Dato' Tan Chin Nam Foundation
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TAN BOON LEE

(Malaysian, male, age 58)

Non-Independent Non-Executive Director (NINED)

Board Appointment	: 26 August 2020
Academic/Professional Qualification/Working Experience	: Tan Boon Lee holds a Bachelor of Economics from Monash University, Australia and a Master in Business Administration from Cranfield School of Management, United Kingdom.

He joined IGB Corporation Berhad (IGBC) as Executive Director in June 2003 as well as assumed the role of Chief Executive Officer of Tan & Tan Developments Berhad (Tan & Tan) from January 2008 until he relinquished the post in January 2019. After the privatisation of IGBC on 16 March 2018, he was appointed Deputy Group Chief Executive Officer of IGB Berhad (IGB) and alternate to Dato' Seri Robert Tan on the Board of IGB.

He has more than 26 years experience in the property and hotel industry, giving management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was President of Malaysian Association of Hotel Owners from 2002 to 2004.

Public company Directorship(s)	: IGB (<i>Alternate Director</i>) IGB REIT Management Sdn Bhd (Manager of IGB Real Estate Investment Trust) (<i>NINED</i>) IGBC Tan & Tan Dato' Tan Chin Nam Foundation
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Other disclosures

1. Except for Dato' Seri Robert Tan Chung Meng, Elizabeth Tan Hui Ning, Tan Mei Sian, Tan Lei Cheng and Tan Boon Lee, none of the Directors has any family relationship with any Directors and/or major shareholder of the Manager and/or major unitholders of IGBCR.
2. None of the Directors has any conflicts of interest with the Manager and/or IGBCR other than the related party transactions as disclosed in the [Corporate Governance Overview Statement](#) of this Annual Report.
3. None of the Directors has been convicted of any offence (other than traffic offences) within the past 5 years.
4. None of the Directors has been imposed with public sanction or penalty by the relevant regulatory bodies during FPE2021.
5. Details of attendance of Board and Board Committees by each Director of the Manager held in FPE2021 are contained in the [Corporate Governance Overview Statement](#).
6. Details of unitholdings held by each Director of the Manager in IGBCR are contained in the [Unitholding Statistics](#) of this Annual Report.

Profile of Management

ANTONY PATRICK BARRAGRY

(British/Permanent Resident of Malaysia, male, age 70)
Chief Executive Officer

Appointment : 1 September 2012

Academic/Professional Qualification/Working Experience : Antony Barragry holds a Diploma in Architecture from the University of Sheffield. He is a member of Real Estate And Housing Developers' Association Malaysia (REHDA) and The International Real-Estate Federation (FIABCI).

He is a qualified architect with more than 40 years of international experience in the design, development and operations of mixed-use developments. His prior work experience includes Jebel Ali Hotel development in Dubai, Putra World Trade Centre in Kuala Lumpur and Kempinski Ciragan Palace Hotel in Istanbul. His career with IGB group commenced with Renaissance Kuala Lumpur Hotel in 1993; then, as Project Director for phase 1 of Mid Valley City, including Mid Valley Megamall; and subsequent, appointed Executive Director of Mid Valley City Sdn Bhd in 2002, where he spearheaded the development of more than 6 million square feet of commercial space in Mid Valley City's phase 2 (The Gardens Mall and The Gardens Hotel & Residences), phase 3 (Southpoint Mid Valley, which is currently under construction) and phase 4 (Northpoint). He was also Project Director for the design and construction of St Giles Hotel-Heathrow, London, and Pangkor Island Beach Resort upgrade in 2004 (which is presently undergoing redevelopment work and will be converted into luxury villas). He was Chief Executive Officer of Mid Valley City Gardens Sdn Bhd from January 2008 until he relinquished the post in September 2012.

He does not have (a) any family relationship with any Director and/or major shareholder of the Manager and/or major unitholders of IGBCR; (b) any conflict of interest with the Manager and/or IGBCR; (c) any conviction of offences (other than traffic offences) within the past 5 years; (d) any public sanction and/or penalty imposed by the relevant regulatory bodies during FPE2021.

WONG KHIM CHON

Deputy Chief Executive Officer

Appointment : 1 June 2021

Academic/Professional Qualification/Working Experience : Wong Khim Chon holds a Master of Business Administration from University of Strathclyde, Glasgow, Scotland, a Bachelor of Engineering (Hons) in Civil Engineering from University of Malaya, and a Certified Diploma in Accounting and Finance of The Association of Chartered Certified Accountants, United Kingdom.

He has over 35 years of experience in the real estate industry in areas of building and civil construction, property development, project management and property management. He began his career with Hong Leong Property Management Co. Sdn Bhd and later with Guobena Sdn Bhd, both wholly-owned subsidiaries of Guocoland Berhad (formerly, Hong Leong Property Berhad), started as management trainee in 1984 and worked his way up as General Manager (GM) developing various building types from residential, industrial, high-rise condominiums, commercial offices, hotel to government projects, both in Malaysia and Singapore.

Thereafter, in 1997, he joined Taraf Wijaya Sdn Bhd as GM, overseeing projects in Cameron Highlands, Ipoh and Bangi. From 1998 to 2002, as Managing Partner of Manifold Alliance Sdn Bhd, he was responsible in overseeing the management of project portfolio which included housing and industrial projects in Johor, township development in Sepang, Hulu Langat and Port Dickson. He then moved to Great Eastern Life Assurance (M) Berhad as Head of Property, overseeing the acquisition and management of investment properties as well as branch offices from 2002 to 2008. Subsequently from 2008 until 2010, he joined IGB Corporation Berhad (IGBC) to head its Group Property Management (GPM) division and was tasked in managing the commercial assets of the group in Mid Valley City and Kuala Lumpur Central Business District.

He was then attached with Hap Seng Land Sdn Bhd, the property arm of Hap Seng Consolidated Berhad as Senior GM, from 2010 until 2014, where he headed the property management and leasing department in addition to overseeing the sales and marketing department for commercial and residential properties in the property development business unit. Between January 2015 and July 2018, he was Executive Director and Chief Executive Officer (CEO) of AmREIT Managers Sdn Bhd, the manager of listed AmFIRST Real Estate Investment Trust.

He was appointed Senior Group GM of IGBC in 2018 heading GPM division and was CEO of IGB Property Management Sdn Bhd and Head, GPM of IGB Berhad until he relinquished the posts on 31 May 2021. He was appointed Deputy CEO of IGB REIT Management Sdn Bhd on 1 June 2021. He also served as the Vice Chairman of the Management Board of the Malaysian REIT Managers Association in 2016.

Profile of Management

(continued)

CHAI LAI SIM Chief Financial Officer

- Appointment : 1 September 2012
- Academic/Professional Qualification/Working Experience : Chai Lai Sim is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).
- She has over 30 years of experience in audit, corporate finance, capital management strategy including treasury, financial accounting and taxation in property development, commercial and retail property investment and hospitality industries. She began her career as an articled student with Coopers & Lybrand (now known as PriceWaterhouseCoopers) before joining Tan & Tan Developments Berhad (Tan & Tan) as Group Financial Controller in 1993. Following the completion of the merger between Tan & Tan and IGB Corporation Berhad (IGBC) in 2002, she was appointed Senior Group General Manager of Group Finance and subsequently as Group Chief Financial Officer of IGBC. After the privatisation of IGBC by IGB Berhad (IGB) on 16 March 2018, she was appointed as Group Chief Financial Officer of IGB.

TAN MEI SIAN Head of Strategy & Risk

Please refer to description under the heading **Profile of Directors** in this Annual Report.

CHOW YENG KEET Head of Investment

- Appointment : 1 September 2012
- Academic/Professional Qualification/Working Experience : Chow Yeng Keet holds a Bachelor of Economics (First Class Honours) from University of Malaya, a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.
- He has working experience in corporate finance and advisory covering mergers and acquisitions, equity and debt fund raising, capital management and restructuring, valuations as well as take-over offers. He started his career as Corporate Finance Executive with the then Sime Merchant Bankers Berhad in 1997. Thereafter, he was with Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) where his last position was Corporate Finance Manager prior to joining IGB Corporation Berhad (IGBC) in 2004. He was appointed as Senior General Manager, Corporate Finance of IGBC from 1 January 2017. After the privatisation of IGBC by IGB Berhad (IGB) on 16 March 2018, he resumed the same role at IGB. He is also Director of Finance of Mid Valley City Sdn Bhd.

TINA CHAN LAI YIN Head of Compliance/Company Secretary

- Appointment : 1 September 2012
- Academic/Professional Qualification/Working Experience : Tina Chan is a Fellow of the Institute of Chartered Secretaries and Administrators.
- She has accumulated more than 30 years of extensive experience in corporate secretarial work, having dealt with a wide-range of corporate exercises. She started her corporate secretarial career at a legal firm since 1990, and then took up the role of Joint Company Secretary in Tan & Tan Developments Berhad (Tan & Tan), where she had been significantly involved in the floatation of Tan & Tan in 1993 (a property development company that was listed on Bursa Malaysia Securities Berhad until Goldis Berhad, now renamed IGB Berhad (IGB) took over its listing on 8 May 2002 following the completion of the merger between IGB Corporation Berhad (IGBC) and Tan & Tan). She joined IGBC in 1997 and subsequently assumed the role as Senior General Manager (Corporate Secretarial), overseeing the governance processes and company secretarial matters of the group, particularly with regard to ensuring that the group complies and operates in accordance with statutory and regulatory requirements, and assumed the role of Group Company Secretary of IGB after the privatisation of IGBC by IGB. She was also involved in successful listing of IGB REIT and IGB Commercial REIT in September 2012 and 2021 respectively and position expanded to cover IGB REIT Management Sdn Bhd as the Compliance Officer and Company Secretary.

Profile of Management

(continued)

ONG BOON HOCK *General Manager (Operations)*

Appointment : 1 June 2021

Academic/Professional Qualification/Working Experience : Ong Boon Hock holds a Certificate in Marketing from Stamford College Malaysia. He joins IGB Property Management Sdn Bhd (IGBPM) in November 2019 as General Manager (GM). He has over 25 years of related working experience. Before joining IGBPM, he was Vice President of Operations of AmFirst REIT. He was also GM of DTZ Nawawi Tie Leung Property Consultants Sdn Bhd where he was responsible for managing commercial building and shopping malls, GM of PMC Facilities & Real Estate Sdn Bhd in managing stratified mixed development properties, Senior Manager of Property Management at Hap Seng Land Sdn Bhd and Centre Manager of Subang Parade under Hektar REIT. He has also worked with several renowned property developers, including SMI Berhad, Farlim Berhad and Dwtasik Sdn Bhd, that encompassed a wide range of residential and commercial properties management.

He is registered as a property manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia.

Corporate Governance Overview Statement

THE MANAGER

IGB Commercial Real Estate Investment Trust (IGBCR) is a real estate investment trust (REIT) constituted by the deed dated 31 March 2021 (and as may be amended, varied or supplemented from time to time) (Deed), and entered into between IGB REIT Management Sdn Bhd (in its capacity as the manager of IGBCR) (Manager) and MTrustee Berhad (in its capacity as the trustee of IGBCR) (Trustee). IGBCR was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) on 20 September 2021.

The Manager has been issued a capital markets services licence by the Securities Commission Malaysia (SC) to carry out REIT management (CMSL). In doing so, the Manager must act in good faith and in a manner consistent with what it reasonably considers to be in the best interests of IGBCR and its unitholders (UHs). In executing its strategy, the Manager is responsible for ensuring compliance with applicable requirements, laws and regulations, such as those set out in the SC's Guidelines on Listed Real Estate Investment Trusts (REIT Guidelines), Capital Markets and Services Act 2007 (CMSA), Bursa Securities' Main Market Listing Requirements (MMLR), as well as the Manager's obligations under the Deed are properly carried out. Under its CMSL, the Manager appoints relevant officers and staff as its representatives to conduct REIT management activities on its behalf. The Manager also exercises conscientious supervision on the service providers including the property manager pursuant to the property management agreement.

The Manager is the responsible entity of IGBCR. The Manager has general powers of management over the assets of IGBCR. The Manager's main responsibility is to manage IGBCR's assets and liabilities for the benefit of UHs. The primary role of the Manager is to set the strategic business direction of IGBCR in accordance with its mandate and make recommendations to the Trustee on any investment and divestment opportunities in accordance with the stated investment strategy of IGBCR.

The Manager recognises that it has responsibilities to UHs and stakeholders of IGBCR as well as to the environment and the communities in which it operates. The Manager has developed and, on an ongoing basis, maintains sound transparent policies and practices to meet the specific business needs of IGBCR. The board of directors of the Manager (Board or Directors) has ultimate authority over, and oversight of, IGBCR and are fully committed to continuous improvement in the Manager's corporate governance (CG) practices in discharging its responsibilities to all stakeholders of IGBCR and protecting the interest of UHs.

The Manager's governance framework, as summarised in this Corporate Governance Overview Statement (CGOS), ensures that IGBCR is effectively managed, the regulatory requirements are met, and IGBCR's culture of corporate integrity is reinforced. This CGOS with specific reference to the application of each practice set out in the Malaysian Code on Corporate Governance (MCCG), and where applicable, other relevant rules and provisions in the REIT Guidelines, CMSA and MMLR, provides an insight of the key governance practices of the Manager in respect of IGBCR.

Throughout the financial period from 31 March 2021 to 31 December 2021 (FPE2021), save as stated in this CGOS, IGBCR has complied with the core principles of CG laid down by MCCG and also, in all material respects, with the best practices that underpin the principles of MCCG. Where the Manager's practices vary from any MCCG best practices, the Manager has provided explanations for such deviation and details of the alternative practices. The Manager would strive to continuously enhance its governance arrangements to reflect changing conditions and emerging sound practices, as appropriate.

The Manager's key corporate policies referred to in this CGOS (or a summary of them) are available on IGBCR's website at www.igbcomreit.com under the menu item 'Governance'. These documents are periodically reviewed and enhanced to take account of changes in legislative or regulatory requirements and governance practices to ensure their effectiveness and appropriateness.

The Manager is a wholly-owned subsidiary of IGB Berhad (IGB) which is listed on the Main Market of Bursa Securities. IGB is the sponsor and a controlling UH of IGBCR.

This CGOS is current as at 26 January 2022 and has been approved by the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders (SHs) and other stakeholders are understood and met.

The Manager adopts the principles that an effective Board is one 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.

The Board comprises 9 members of whom 6 are Non-Executive Directors (NEDs) and 3 Executive Directors (EDs) including the Managing Director (MD). The Board is headed by Tan Sri Dato' Prof. Lin See Yan (TSL) (Board Chairman), who is an independent NED (INED). He is joined on the Board by Halim bin Haji Din (HHD) (INED), Lee Chen Chong (LCC) (INED), Ang Kim Pak (AKP) (INED), Dato' Seri Robert Tan Chung Meng (DSRT) (MD), Elizabeth Tan Hui Ning (ETHN) (ED), Tan Mei Sian (TMS) (ED), Tan Lei Cheng (TLC) (Non-INED) and Tan Boon Lee (TBL) (Non-INED). Each Director is appointed on the strength of his/her calibre, experience and stature. The Board is represented by Directors who collectively have the core competencies, such as real estate and property development, finance, banking, accounting, economics, industry knowledge, strategic planning, risk management, business and general management, which is vital to effectively lead the Manager and IGBCR. The daily running of IGBCR's business is entrusted to a team of experienced and well-qualified personnel (Management or Officers). Management comprises Chief Executive Officer (CEO), Deputy CEO (DCEO), Chief Financial Officer (CFO), Head of Strategy & Risk (HSR), Head of Investment, Head of Compliance/Company Secretary (HOC/CS) and General Manager (GM) (Operations). Management also manage and control the external service providers for their areas. The members of Management, irrespective of their joint responsibility for IGBCR, are responsible for individual areas of responsibility. They cooperate collegially and keep each other informed about important processes and measures in their areas of responsibility. Biographical information concerning each Director is set out in this Annual Report (AR) under the heading **Profile of Directors**, while profile of the Officers under the heading **Profile of Management**.

Corporate Governance Overview Statement

(continued)

The Board is accountable to UHs for the business conduct, performance, operations and overall governance of IGBCR. This includes protecting IGBCR's assets and delivering maximum sustainable value to the UHs. In discharging their duties and responsibilities, all Directors are expected to act and have acted in the best interest of IGBCR.

The Board has a Charter that sets out the mandate, responsibilities and procedures of the Board and its committees (Board Committees or BCs), including the matters reserved for the Board's decision and approval. The fiduciary duties and responsibilities of the Board include:

- providing strategic direction and deciding upon IGBCR business strategies and objectives, including promoting sustainability with attention to environmental, social and governance (ESG) aspects and balancing them with the interests of various stakeholders;
- monitoring financial performance, including approval of the full year and quarterly financial results of IGBCR;
- overseeing the conduct of the assets under IGBCR's portfolio;
- monitoring the operational and financial position and performance of IGBCR;
- reviewing and approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- overseeing, reviewing and monitoring systems of risk management, internal controls and ethical and legal compliance, which includes reviewing procedures to identify the main risks associated with the business of IGBCR and the implementation of appropriate systems to manage those risks;
- ensuring measures relating to CG, financial regulations and other required policies are in place and enforced;
- ensuring that UHs and the market are fully informed of all material developments relating to IGBCR; and
- overseeing and evaluating the performance of Management in the context of the strategies and objectives of the Manager and IGBCR.

There are 4 standing BCs which the Board has delegated its authority to assist in reviewing and monitoring the above functions. These BCs are Audit Committee (AC), Nomination Committee (NC), Remuneration Committee (RC) and Commercial Risk Management and Sustainability Committee (Commercial RMSC). Each of the BCs save for Commercial RMSC is chaired by INEDs. Diversity of experience and appropriate skills are considered in the composition of the respective BCs. While these BCs have the authority to examine matters within their mandates, the BCs report to the Board with their decisions and/or recommendations as the ultimate responsibility for final decision on all matters lies with the entire Board. The activities of BCs are described in this CGOS. The composition of each BC is also reviewed as and when there are changes to Board membership. Where appropriate, changes are made to the BC composition, with a view to ensuring there is an appropriate diversity of skills and experience, and fostering active participation and contributions from BC members. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Manager's Constitution as the Board sees fit.

Practice 1.2

A Chairman of the board who is responsible for instilling good CG practices, leadership and effectiveness of the board is appointed.

TSL, the Board Chairman, was independent of the Manager and IGBCR at the time of his appointment and remains so. Board Chairman leads the Board in its collective oversight of the Manager and IGBCR and ensures its effectiveness by, among other things, steering effective, productive and comprehensive discussions among Board members and Management on strategies, business operations, enterprise risk and other plans, and spearheads the Manager's drive to promote, attain and maintain good standards of CG. Board Chairman also presides over the Annual General Meeting (AGM) each year and other general meetings (GMs) where he plays a crucial role in fostering constructive dialogue between UHs, Board and Management.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

The positions of Board Chairman, MD and CEO are held by 3 different individuals to maintain effective checks and balances. They are not related to each other and do not share any family ties. There is a clear separation of the roles and responsibilities of Board Chairman, MD and CEO. Board Chairman leads the Board to ensure its effectiveness on all aspects of its role. MD, as a representative of the Board, sets the business directions and the overall strategy planning of the Manager and IGBCR. CEO who reports to MD, leads Management to address strategies, business operations, financial performance and risk management in meeting the strategic, investment and operational objectives of IGBCR, while DCEO oversees day-to-day management and operations of IGBCR, including implementation of policies, strategies and decisions adopted by the Board. The segregation of duties ensures an appropriate balance of power and authority and provides a healthy professional relationship between Board and Management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager and IGBCR.

The financial authority of the Board, MD, CEO and DCEO is explicitly provided in the Manager's authority matrix – approval limits for a range of transactions, including but not limited to investments, asset enhancement initiatives, operating and capital expenditures, as well as arrangements in relation to leases and cheque signatories. Appropriate delegation of authority and approval sub-limits are also provided at Management-level to facilitate operational efficiency.

Practice 1.4

The Chairman of the board should not be a member of the AC, NC or RC.

TSL is the incumbent Chairman of the Board, NC and RC as well as a member of AC.

In view of the Manager's current pool of INEDs, the NC had at its meeting in January 2022 concluded, and the Board had concurred that TSL to remain as Chairman of the Board, NC and RC, as well as a member of AC for the time being, until sufficient INEDs were appointed to the Board and changes could then be made to the BC composition.

Corporate Governance Overview Statement

(continued)

Practice 1.5

The board is supported by a suitably qualified and competent company secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of CG best practices.

The Board is supported by HOC/CS, Tina Chan Lai Yin, a Fellow of the Institute of Chartered Secretaries and Administrators. HOC/CS has overall responsibility for the corporate secretarial administration matters and is directly accountable to the Board on all matters to do with the proper functioning of the Board. This includes supervising, monitoring and advising on governance matters and compliance by the Manager and IGBCR with all legislation, rules and guidelines and disclosure requirements of various regulatory bodies, coordinating Board business and providing a point of reference for ensuring good information flow within the Board and its BCs, and between NEDs and Management, and performing such other duties of HOC/CS, as required under laws and regulations or as specified in the REIT Guidelines, CMSA and MMLR, or as required by Board Chairman or Directors (or any of them), as the case may be. HOC/CS works synergistically with Management in ensuring that necessary internal controls and procedures are in place so that regulatory compliance can be measured and monitored. In order to play an effective advisory role to the Board, HOC/CS remains informed of the latest regulatory changes, evolving industry developments and best practices in CG through continuous training. The appointment and removal of HOC/CS is a decision of the Board as a whole.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Scheduled periodic meetings of the Board and BCs represent the main platform by which the Manager's performance and conduct are monitored. Directors are expected to prepare for, attend, and contribute meaningfully in all Board and applicable BC meetings in order to discharge their obligations. Board and BC meeting dates for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and schedule these dates into their respective calendars. Where exigencies prevent a Director from attending a Board/BC meeting in person, such Director can participate via audio or video conference. If a Director is unable to attend a Board/BC meeting, he/she may provide his/her comments to Board Chairman or the relevant BC chairman ahead of the meeting and these comments are taken into consideration in the deliberations. The Board and BCs may also make decisions by way of written resolutions. Directors may raise questions and seek clarification through discussion forums with Management in respect of significant matters passed via circular resolutions.

To ensure that Directors are well placed to discharge their duties effectively, they are provided with meeting materials in advance of the Board and BC meetings containing sufficient information to enable informed discussion of all agenda items. Meeting materials, both digital and printed copies, are generally sent to Directors at least 5 business days (unless in unavoidable circumstances) prior to the date set for meetings to enable Directors to review the information on items of discussion and to obtain such details and explanations where necessary. However, papers containing price sensitive information may be tabled at the meetings themselves or discussed without any papers being distributed. Members of Management who can provide additional insight into the matters at hand would be present at the relevant time during the Board or BC meeting.

In addition to scheduled meetings, the Board may also hold ad-hoc meetings as required by business imperatives or particular circumstances. At each scheduled Board meeting, the Board is apprised of IGBCR's financial and portfolio performance, including IGBCR's quarterly financial results and business outlook (following AC's review of the same at its meeting typically scheduled before the Board meeting), decisions made or salient issues discussed by the BCs, risks and mitigation measures, regulatory and compliance updates, as well as mandate sought by Management, including, where applicable, relevant budgets, business plans and forecasts. Consistent with their fiduciary duties, Directors should act objectively in the best interest of IGBCR. As such, any Director who has or appears to have a direct/deemed interest that may conflict with a subject under discussion by the Board or BC shall declare his/her interest and recuse himself/herself from the information flow and discussion of the subject matter. He/she will also abstain from any decision-making on the subject matter. Every Director has complied with this standing policy, and where relevant, such compliance has been duly recorded in the meeting minutes or written resolutions. Directors are also expected to maintain confidentiality of the deliberations of the Board and BCs. All proceedings of Board and BC meetings are duly recorded in the minutes of each meeting and circulated promptly to every Board or BC member for their comments prior to confirmation of the minutes. As IGBCR was listed on 20 September 2021, there was only one Board meeting held during FPE2021 which was attended by all Directors, CEO, DCEO and CFO also attended the Board meeting on an ex-officio basis.

The Directors have separate and independent access to Management at all times, and they are entitled to request from Management additional information to make informed decisions. The Directors, either individually or as a group, may at the Manager's expense seek independent professional advice where appropriate, to discharge his/her/their duties effectively.

It is incumbent on the Board to ensure they are current and Directors should always be learning to increase their collective effectiveness. The Board ensures that its members have access to appropriate education programmes to stay updated on relevant developments, and to enhance their skills and strengthen their participation in Board/BC deliberations. HOC/CS keeps Directors informed of the series/talks organised by regulatory bodies as well as facilitates the organisation of in-house training/development programmes. Directors are also provided with timely briefings on all material developments in laws, regulations and accounting standards periodically at Board/BC meetings. Directors may also attend other relevant trainings of their choice in connection with their duties as Directors. The Manager maintains a record to track Directors' attendance at training and professional development courses. Details of the seminars/webinars that Directors and Capital Market Services Representative Licence (CMSRL) holders of the Manager attended during FPE2021 are set out in the [Appendix](#).

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies –

- *the respective roles and responsibilities of the board, BCs, individual directors and management; and*
- *issues and decisions reserved for the board.*

The Board's functions are governed and regulated by its Charter, Constitution, REIT Guidelines, CMSA, MMLR and various applicable legislation. The Charter sets out the respective authority, functions, responsibilities and processes of the Board, BCs, Management and those matters expressly reserved for the Board, and those delegated to BCs and Management. The Charter is reviewed on a regular basis to enhance its processes and procedures and ensure alignment with new requirements and regulations.

Corporate Governance Overview Statement

(continued)

As described above, the Board is responsible for the governance of the Manager and IGBCR as well as provides leadership in shaping the strategic direction of the Manager and IGBCR. The Board fulfils its mandate at regularly scheduled meetings and as warranted by particular circumstances. BC members are chosen for the skills and experience they can contribute to the respective BCs. Each BC is composed of members of the Board save for Commercial RMSC which is led by DCEO. The objective, remit and powers of each BC are established in the Charter. Topics of discussion and frequency of meetings will vary depending on each BC's terms of reference (ToR) and the portfolio's complexity. BC meeting minutes are included as part of the Directors' meeting materials to keep Directors updated on each BC's activities. The role, function, performance and membership of each BC is reviewed on an annual basis as part of the Board's performance-assessment process. The board evaluation performed in January 2022 showed that all BCs had effectively discharged their function.

Practice 3.1

The board establishes a Code of Conduct and Ethics (CCE) for the company, and together with management implements its policies and procedures, which include managing conflicts of interest (COI), preventing the abuse of power, corruption, insider trading and money laundering. The CCE is published on the company's website.

(I) Directors' Code of Business Conduct and Ethics (Code)

The Manager has in place a Code. The objective of the Code is to ensure that Directors, other stakeholders and the broader community can be confident that the Manager and IGBCR conduct their affairs honestly and in accordance with ethical values and practices. The Board is guided by the Code in discharging its oversight role effectively. The Code requires all Directors to observe high ethical business conduct, honesty and integrity and to apply these values to all aspects of the business and professional practice of the Manager and act in good faith in the best interests of the Manager, IGBCR and UHs.

As the Manager is wholly held by IGB, the Officers are required to abide by the IGB Group Employee Code of Conduct, which sets out the behaviour and conduct expected of all employees and provides guidance on issues including the prohibition of bribery, management of COI and anti-corruption.

(II) Operations Manual

Since the Manager is a holder of CMSL for REIT management and regulated by the SC, IGBCR has an Operations Manual that documents the regulations under the REIT Guidelines, CMSA and MMLR that are applicable to IGBCR, as well as the accompanying requirements and guidelines applicable to the Manager. Below is a summary of the key governance policies the Manager has implemented:

(a) Fit and proper (FAP) criteria

Members of the Board and Management provide strategic leadership that influences the financial position and future direction of the Manager and IGBCR. As such, persons in these positions should have the necessary qualities, competencies and experience that will allow them to perform the duties and carry out the responsibilities required of the position in the most effective manner. The expectations on the suitability of persons in key positions are an extension of the CG framework and are also aimed at ensuring that the Manager is led by persons of integrity, credibility and competency.

To assess and determine the fitness and propriety of the members of Board and Management, as well as the Manager's licensed representatives i.e., CMSRL, Directors and Management are required to provide a FAP declaration twice a year i.e., before filing of the Anniversary Reporting for Authorisation of Activity (Form 4) and issuance of IGBCR's AR, with an undertaking to update the Manager, upon any change in circumstances that would affect the correctness and completeness of information provided to the Manager. In relation to CMSRL holders (CEO, DCEO and 2 EDs), a confirmation that the declaration in the FAP Compliance Report by Licensed Corporation (Form 6A) is correct before the annual CMSRL renewal. The Manager also undertakes searches with the Department of Insolvency in respect of each of its Directors and Officers every year before filing the Form 4 and issuance of IGBCR's AR.

(b) Dealing with COI

Under the Deed, the Manager, the Trustee and any delegate of either of them shall avoid COI arising or, if conflicts arise, shall ensure that IGBCR is not disadvantaged by the transaction concerned. The Manager must not make improper use of its position in managing IGBCR to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interest of UHs.

The Charter provides Directors with guidelines for complying with their obligations to take all reasonable steps to manage COI. HOC/CS solicits information from Directors every quarter in order to monitor potential COI. Directors are expected to be meticulous in their disclosure of any material personal or family contract or relationship. As described in Practice 1.6, in respect of matters in which a Director or his/her associates have an interest, direct or indirect, where applicable, abstain from voting and recuse himself/herself from any discussion on the matter.

The Manager also manages IGB Real Estate Investment Trust (IGB REIT) which is listed on the Main Market of Bursa Securities. IGBCR and IGB REIT have different investment policies. IGBCR's principal investment policy is to invest in income-producing real estate primarily used for commercial purposes. In comparison, IGB REIT's principal investment policy is to invest in income-producing real estate primarily used for retail purposes.

Corporate Governance Overview Statement

(continued)

To mitigate any potential COI, the following procedures as outlined in the Operations Manual must be observed by the Manager:

- (i) the Manager will not manage any other REIT which invests in the same type of properties as IGBCR;
 - (ii) the Manager will establish separate operations teams to manage the operations of the respective REITs i.e., IGBCR and IGB REIT have different operations team;
 - (iii) save as to the resolution relating to the removal of the Manager or unless permitted by the SC or the relevant laws and requirements, the Manager must not exercise the voting rights with respect to the units held by it or its nominee in any UH meeting, regardless of the party who requested for and called for the meeting and the matter or matters that are laid before the UHs;
 - (iv) unless otherwise permitted by the SC, related parties (RPs) of the Manager must not exercise their voting rights with respect to the units and must not be counted in a quorum at any UH meeting if they have interest in the outcome of the transaction tabled for approval at the meeting which is different from the interest of other UHs; and
 - (v) all transactions with or for IGBCR must be conducted on an arm's length basis.
- (c) Dealing in securities

Directors and Officers while in possession of material information must refrain from dealing in IGBCR securities or communicate such information to another person.

As a general principle, Directors and Officers will be notified of the closed trading period by an internal memorandum, which sets out prohibitions against dealing in IGBCR securities during the period beginning one month before the date of the announcement of the full year or quarterly results respectively, and ending immediately after the announcement of the relevant results. Directors and Officers are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of IGBCR, and to be mindful of the law on insider trading.

Each Director or Officer is to give written notice to HOC/CS of his/her acquisition of IGBCR securities or of changes in the number of securities which he/she holds, or in which he/she has an interest, within 3 market days after such acquisition or changes in interest. All dealings in IGBCR securities by Directors and Officers will be announced via the regulatory information service (BursaLINK). The interests in IGBCR securities of Directors are shown in Unitholding Statistics in this AR.

- (d) Related party transaction (RPT) and recurrent RPT (RRPT)

The Manager has established controls and reporting measures for RPT/RRPT to ensure all transactions involving, among others, the Trustee, the Manager, Directors, CEO, major UHs and persons connected with them are undertaken on normal commercial terms and will not be prejudicial to the interests of IGBCR and its UHs. Management has been kept informed of the disclosure procedures for RPT/RRPT, who would ensure that transactions with RPs would be entered into after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, when compared to prevailing market prices and rates, industry norms and standards, as well as general practices, adopted by service providers of similar capacities and capabilities generally available in the open market.

All RPT/RRPT entered into by IGBCR with RPs are maintained in records by the Manager and reviewed by AC at its quarterly meetings to ensure that such transactions are conducted on an arm's length basis and are not prejudicial to the interests of UHs. It is also in the scope of internal audit (IA) to review RPT/RRPT entered into by IGBCR to ascertain the guidelines and procedures established to monitor that RPT/RRPT have been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to AC. If a member of AC has an interest in a transaction or arrangement, he/she is to abstain from participating in the review and approval process in relation to that transaction or arrangement.

Where matters involving the acquisition of any authorised investments in which the Manager or any Officer has a financial interest or from which the Manager or any Officer derives a benefit, or the acquisition of real estate from, or disposal of real estate, to a related corporation or associated person of the Manager, approval of the Trustee is required for these proposals. The Trustee will review the terms of such contracts to ensure that they comply with the requirements relating to RPT in REIT Guidelines and the provisions of MMLR as well as such other guidelines apply to REITs.

Paragraph 9.02 of the REIT Guidelines provides that if a management company manages more than one REIT and a transaction involves 2 or more of the REITs managed by the management company, transactions between these 2 REITs are deemed as RPT for each of the REIT involved in the transactions. In this respect, on 26 January 2022, IGBCR announced its intention to seek UH approval for a mandate to enter into RRPT with IGB REIT as well as other RPs (collectively, Transacting Parties) (RRPT Mandate) at its First AGM to be held on 28 April 2022 (1st AGM). The RRPT that have been entered into and will be entered into by IGBCR with the Transacting Parties are necessary for its business and are intended to meet the ordinary and usual course of business needs at the best possible terms. These RRPT are likely to occur on a frequent and recurrent basis from time to time. In addition, these transactions may be constrained by time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek UHs' prior approval on a case-by-case basis before entering into such transactions. The RRPT Mandate will eliminate the need to convene GM and/or to make announcement separately for the entry by IGBCR into such transactions. This will reduce the associated expenses, improve administrative efficiency and allow resources to be channelled towards attaining other corporate objectives. Directors who have interests in the RRPT Mandate have abstained from all Board deliberations and voting and would ensure that they and any person connected with them would also abstain from voting on the RRPT Mandate at the 1st AGM of IGBCR. The details of the RRPT Mandate are set out in the Circular to Unitholders – RRPT Mandate (Circular).

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AC had at its meeting in January 2022 reviewed the Circular, and having considered, among others, the nature of RRPT to be made were intended to meet the ordinary and usual course of business needs of IGBCR and likely to occur with some degree of frequency and such transactions to be undertaken at arm's length and on normal commercial terms consistent with IGBCR's usual practices and policies, as well as the procedures and processes established to regulate RRPT, was satisfied that adequate processes and controls were in place for monitoring, tracking and identifying RRPT in a timely and orderly manner.

(e) Anti-money laundering and countering financing of terrorism

To comply with the money laundering and terrorism financing regulations, the Manager has the following policies:

- (i) customer due diligence must be conducted on persons whom the Manager on behalf of IGBCR establishes or intends to establish business relations (including tenants of IGBCR's properties) (Customers) in accordance with the SC's Guidelines on Prevention of Money Laundering and Terrorism Financing for Reporting Institutions in the Capital Market (AML Guidelines) before establishing business relations with such persons;
- (ii) a representation, warranty or undertaking that the Customers will comply with all money laundering and terrorism financing regulations in Malaysia under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFA) must be obtained by the Manager at the point of establishing the business relationship;
- (iii) all tenancy agreements with tenants on behalf of IGBCR must include a provision that tenants shall observe and comply with the provisions of the Anti-Corruption Act 2009, AMLATFA, all rules, regulations and guidelines made pursuant thereto, other anti-corruption, anti-bribery, anti-money laundering and anti-terrorism laws of Malaysia and such other anti-bribery and corruption practices, laws and conventions as may be required by IGBCR for the tenant's compliance;
- (iv) the Manager must not keep anonymous accounts or accounts in fictitious names;
- (v) where required by the SC, the Manager must respond promptly to any enquiries with regard to dealings with persons suspected of money laundering or terrorism financing related activities, and provide the relevant information and documentation;
- (vi) where the Manager has reasonable grounds to suspect that the transaction (including attempted or proposed) or the funds involve proceeds of an unlawful activity or is related to terrorism financing, such transaction should be reported immediately to the Financial Intelligence and Enforcement Department of Bank Negara Malaysia (FIED) through lodgement of a suspicious transaction report (STR);
- (vii) where required by FIED, the Manager must provide additional information and documentation and respond promptly to any further enquiries with regard to the STR lodged;
- (viii) HOC/CS must maintain a complete file of all internal reports or suspicious transactions and STR lodged with the FIED together with the relevant supporting documentary evidence; and
- (ix) unless permitted by law, the Manager and its Directors and Officers are prohibited from disclosing the fact that a STR or related information is being filed with the FIED. It is an offence to disclose any information that a suspicion has been formed or that information or a STR has been communicated to the FIED and the SC or to infer any of these have occurred unless such disclosure is made pursuant to the provisions under the AMLATFA.

There were zero cases of fines and non-monetary sanctions for non-compliance with laws and/or regulations by IGBCR and the Manager or its Directors during FPE2021. The Manager will continue to keep abreast of changing regulatory requirements and regulations, where these changes have an important bearing on the disclosure obligations of IGBCR, the Manager or its Directors.

(III) Anti-Bribery and Corruption (ABC) Policy

The Manager is committed to conduct IGBCR's business and operations premised on the concepts of transparency, integrity and accountability, in compliance with the applicable laws and regulations while adopting the highest standards of professionalism, honesty, integrity and ethics.

The Manager subscribes to the IGB Group ABC Policy. The policy which adheres to the Guidelines on Adequate Procedures issued under section 17A(5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, generally set out the responsibilities of IGB, and all individuals who work for the Group, in observing and upholding its position on bribery and corruption and provides key ABC principles that apply to all interactions with the Group's customers, business partners, and other third parties in both the public and private sector, as well as guidelines for the prevention, management, and remediation of bribery and corruption related risks. In relation to these guidelines, Directors and Management of the Manager are required to make quarterly declaration on gifts, entertainment and hospitality, given to and received from third parties to the Integrity Officer of IGB.

There were zero instances of bribery, corruption and fraud reported during FPE2021.

Corporate Governance Overview Statement

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Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

The Manager also subscribes to the IGB Group Whistleblowing Policies and Procedures (GWPP). GWPP provides an avenue for employees and third parties to raise concerns or observations in confidence to the Group, about possible irregularities for independent investigation and appropriate follow up action to be taken. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to its reputation. All whistle-blower reports are addressed to the Whistleblowing Committee comprising the Heads of Group IA (GIA), Group Legal and Group Human Capital of IGB, who also address complaints received relating to IGBCR. A whistle-blower is assured confidentiality of identity, to the extent reasonably practicable. This includes protecting the whistle-blower from harassment, repercussions, retribution and victimisation that may result from the disclosure of improper conduct, provided that the disclosure is made in good faith.

There have been no incidents reported or complaints submitted pertaining to whistleblowing for FPE2021.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management (SM).

The Board is cognisant that the formation of healthy CG culture also hinges on the sound management of ESG-related risks and opportunities. Accordingly, the Board ensures the Manager has the right governance processes in place to provide proper ESG oversight, monitoring and support of IGBCR's strategy development and execution.

The Board assumes the overall responsibility for integrating sustainability considerations into IGBCR's strategic decisions with support from Commercial RMSC, which is led by DCEO, with senior representatives from the commercial management, finance and strategy and risk functions. Commercial RMSC plays a leading role in developing IGBCR's sustainability objectives and strategies as well as monitoring and driving sustainability performance and responsible business practices. Commercial RMSC reports to the Board regularly on sustainability policies and practices.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

The Manager has made strides in addressing ESG-related risks and opportunities that have a strategic significance to IGBCR's business activities (strategy, operations, risk management, and corporate culture). As disclosed under the heading Sustainability Statement, the Manager is transparent about how sustainability is embedded in IGBCR's business and the progress IGBCR is making in terms of reaching its sustainability goals in the areas of environmental (energy efficiency, water management, waste management), social (security and occupational health and safety, customer engagement, human capital management, data protection) and governance (compliance risk, corporate risk management, bribery and corruption, whistleblowing). Through monitoring efforts during FPE2021, the Manager continues to identify areas for improvement at IGBCR's portfolio of properties.

The Manager's initiatives are a testament to its continuous effort towards sustainability and the creation of value. The Manager would continually work on and improve upon ESG performance by engaging with stakeholders and understanding emerging sustainability issues affecting IGBCR's business.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Board oversight includes advising Management on IGBCR's strategy, and ensuring improved long-term value for all stakeholders. To do so Directors will have to understand how ESG issues can affect that strategy, and be in a position to assess and address both challenges and opportunities. In addition to discussion of ESG factors relevant to IGBCR's business at the Board table, Directors to enhance their ESG competence by attending programs, peer-to-peer discussions or engage outside experts to provide guidance to the Board.

Practice 4.4

Performance evaluations of the board and SM include a review of the performance of the board and SM in addressing the company's material sustainability risks and opportunities.

The Manager's overall goal is to ensure value creation and long-term sustainability and success of the Manager and IGBCR. The Board sets performance targets with emphasis on both short and longer-term quantifiable goals, and reviews the achievements of the Manager against the targets set to determine the overall performance taking into consideration qualitative factors such as business environment, regulatory landscape and industry trends. In addition, the Board through RC determines value creation to the amount of value-add contributed by the individual, including but not limited to cost-saving ideas and novel initiatives which have the potential of increasing the performance of IGBCR and it is measured based on the financial benefit/cost-savings which IGBCR receives as a result of the value-add contributed by the individual Director and Officer.

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Practice 4.5 (Step Up)

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

As described in Practice 4.1 above, Commercial RMSC is in charge of overseeing sustainability matters of IGBCR – identification, assessment, and disclosures of such risks, and these data flow into the boardroom to ensure the discussion is well informed. Commercial RMSC has a designated person to focus on sustainability issues at the operations level.

During the year, IA had conducted a review of IGBCR's ESG approach and the reporting of key metrics. The recommendations included disclosure of information, targets, metrics and improvements to ESG practices and policies.

Practice 5.1

The NC should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the NC and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

The Board recognises that Board renewal is a continuous process and one that is essential for ensuring the Board has the appropriate diversity of talent, gender, expertise and experience, skills needed in the strategic direction and planning of the businesses of the Manager and IGBCR.

The Board alongside NC undertake an annual review to assess the Board composition with the aim of configuring a diverse board set up that is effective and competent in discharging its duties and responsibilities.

NC, having conducted an annual review of the Board composition (expertise, experience and diversity) against the strategic direction of the Manager and IGBCR, was of the view that the Board has an optimal blend of skills in terms of backgrounds, experience and knowledge in business and general management, expertise relevant to IGBCR's business, and that the contribution and performance of each Director continued to be valuable and effective. The integrity and professionalism of the Directors have allowed them to discharge their responsibilities with due care and diligence. No specific competence gaps have been evident with the current Board composition. NC was, however, mindful of the need for board refreshment and future succession, which would be considered against the Manager's evolving business model and the changing governance landscape. In this regard, NC would review the structure, size, balance and diversity of the Board annually and, as and when circumstances require, and propose any changes to the Board to complement IGBCR's objectives and strategies. The Board concurred with NC's views.

Practice 5.2

At least half of the board comprises independent directors (IDs). For Large Companies, the board comprises a majority IDs.

The Board presently comprises 9 members, 4 of whom are INEDs or 44.4% of Directors being independent. This complies with the composition requirement under the REIT Guidelines where one third of the Board comprises INEDs.

The Board had considered the recommendation in MCCG to have majority INEDs and was of the opinion that there was no disproportionate imbalance of power and authority on the Board between non-independent and independent Directors, and this would serve as an important control mechanism to ensure that the Board functions objectively, independently and effectively. The INEDs have exercised due care and independent judgement and made decisions objectively at all times as fiduciaries in the best interests of IGBCR and its UHs. In addition to Board Chairman being independent, the BCs (save for Commercial RMSC) are chaired by and comprise a majority of INEDs, thereby allowing proceedings to be framed and mediated through an objective lens. This is highly significant considering that the respective Chair of the Board, AC, NC and RC lead matters relating to corporate credibility and governance standards, integrity of financial statements, evaluation and succession of Directors and Management, and remuneration policy that aligned to long-term goals, which demonstrates that the INEDs play a substantive role, and assure the objectivity and independence of the decision-making process.

In FPE2021, none of the INEDs had any business relationship with the Manager, its related companies, its substantial SHs or its officers, as well as with IGBCR and its substantial UHs that could interfere, or be reasonably perceived to interfere, with the exercise of the INED's independent business judgement in the best interests of IGBCR.

Practice 5.3

The tenure of an ID does not exceed a term limit of 9 years. Upon completion of the 9 years, an ID may continue to serve on the board as a non-ID.

If the board intends to retain an ID beyond 9 years, it should provide justification and seek annual shareholder (SH) approval through a 2-tier voting process.

The presence of INEDs provides objectivity and independent judgement to the decision-making process of the Board. As described in Practice 5.2 above, the 4 INEDs are independent from Management and IGBCR's controlling UHs and/or any of its affiliates, and are not involved in the day-to-day management of the Manager and IGBCR nor do they participate in any of their business dealings. They are actively involved in the various BCs, providing guidance, unbiased, independent and objective views, advice and judgement to various areas such as performance monitoring, enhancement of governance and controls so as to safeguard the interests of UHs and stakeholders to ensure that the highest standards of conduct and integrity are maintained by the Manager and IGBCR.

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NC is also responsible for determining the independence of NEDs on an annual basis. In its review for FPE2021, NC (each member recused himself when his independence was tabled for assessment) had endorsed in its recommendation to the Board that the INEDs remained objective and independent, evidenced by their ability to demonstrate the values and principles associated with independence during Board/BC discussions such as impartiality, objectivity and consideration of the interests of IGBCR and its UHs, and they had and would continue to provide their input to the Board in discharging their responsibilities in an independent manner with integrity and competency.

The Board (without participation by related INEDs) had ascertained that TSL, HDD, LCC and AKP remained independent in conduct, character and judgement and they have performed their oversight role effectively and understood their responsibilities to stakeholders by prioritising IGB REIT's and UHs' best interests. There were no relationships or circumstances likely to affect their independence, notwithstanding 3 of them, by the 2022 AGM, would have served 10 years as Directors. Each of the 4 INEDs has provided an annual confirmation of independence to the Board.

As IGBCR is an externally managed trust, UHs are not legally able to vote for Directors of the Manager. Directors are not subject to periodic retirement by rotation under the Manager's Constitution.

Practice 5.4 (Step Up)

The board has a policy which limits the tenure of its IDs to 9 years without further extension.

Whilst the MCGG recommends to set a tenure limit for INEDs, the Board takes the view that as long as the INED is able to confirm in good faith that he/she remains independent not only pursuant to the criteria of independence as defined in the MMLR but practically also remains critical and independent in thinking, such INED may continue to serve on the Board beyond 9 years. As mentioned above, all INEDs did not have any material pecuniary relationship or transaction with IGBCR or the Manager. The Board through NC will conduct a yearly assessment on the independence of INEDs.

Practice 5.5

Appointment of board and SM are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Appointment of new Directors to the Board are the responsibility of the full Board on NC's recommendation. There are formal, considered and transparent process for the appointment of potential candidates for the office of Director. The final decision on selection of Directors will be based on merit against the objective criteria set and after giving due regard to the benefits of diversity on the Board. NC recommendation pays particular attention to the mix of expertise, experience, perspectives, skills, diversity and other qualities of existing Directors, and how the candidate's attributes will balance and complement those qualities and address any potential skills gap in light of evolving strategic directions of the Manager and IGBCR. NC shall also assess the fitness and propriety of the candidate, taking into account his/her track record. Other considerations include, but not limited to background, gender and age.

Talent development and succession planning are key priorities to the Board in ensuring a high-performing Management, which contributes to the Manager sustainability and competitiveness. The Manager recruits and promotes individuals based on merit, performance and capability. The selection process for appointments will have regard for the need to maintain an appropriate mix of skills, experience, expertise and diversity and therefore, ensuring that individuals appointed to the relevant senior positions have the appropriate fitness and propriety to discharge their prudential responsibilities on appointment and during the course of their appointment. This is the approach taken during FPE2021 for the appointment of Wong Khim Chon as DCEO, and Ong Boon Hock as GM (Operations) after having regard to their credentials and experience, as reviewed by RC, with the endorsement of the Board.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing directors, management or major SHs. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major SHs, the NC should explain why these source(s) suffice and other sources were not used.

As described in Practices 5.1 and 5.5 above, NC will regularly review the existing attributes and competencies of the Board in order to determine the desired experienced or expertise required to strengthen or supplement the Board. NC is in charge of making recommendations to the Board regarding the identification and selection of directors for appointment.

As part of the search and nomination process for new directors, NC will identify the relevant or desired skills and experience which candidates should possess and may engage search consultant to source for potential candidates if required, as well as leverage on business and other contacts. Directors may also make suggestions. Nominations, regardless of the source of the recommendation, are openly discussed and objectively evaluated by NC before any appointment is made. The candidate is evaluated and selected, taking into account his/her track record in accordance with the Manager's FAP policy, capabilities and such other relevant experience, and the degree to which they complement the skillset of the existing Board members and whether or not, the candidates can commit sufficient time given their other roles and activities, and in the case of INEDs, actual and perceived independence from the major UHs and Management. After completion of the selection and nomination process, names of the qualified persons will be proposed to the Board for approval.

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Practice 5.7

The board should ensure SHs have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

There have been no changes to the composition of the Board during FPE2021

Although the Directors are not subject to periodic retirement by rotation under the Manager's Constitution, the Board conducts annual reviews of board diversity, board size, board independence and directors' commitment, as detailed in Practice 6.1 below.

Practice 5.8

The NC is chaired by an ID or the senior ID.

In accordance with its ToR, NC must have at least 3 NEDs, be comprised of a majority of INEDs, and be chaired by an INED. NC presently comprises 5 NEDs, the majority of whom, including the Chair, are independent.

The role of NC is to make recommendations to the Board on all board appointments, having regard to the composition and progressive renewal of the Board, the development of a process for evaluating the performance of the Board, BCs and individual Directors including the independent status of NEDs. Chair of NC continues to lead NC to assist the Board in fulfilling their responsibilities on the yearly board performance-assessment exercise as described in Practices 5.1, 5.3 and 6.1. of this CGOS.

Practice 5.9

The board comprises at least 30% women directors

As at 26 January 2022, the proportion of women employed by the Manager was, Board @ 33.3%, and Management @ 42.9%.

Practice 5.10

The board discloses in its AR the company's policy on gender diversity for the board and SM

The Board takes cognisance of gender diversity but is primarily focused on merit, in the context of skills, experience and personal attributes that are needed for the Board and Management to be effective.

Currently, there is employment diversity policy in IGB Group Employee Handbook.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages independent experts at least every 3 years, to facilitate objective and candid board evaluations.

The Board has in place a formal process to annually assess the effectiveness of the Board, BCs and individual Directors. The review, which is conducted internally, requiring each Director to objectively assess his/her personal performance and collectively, the performance of the Board as a whole and its BCs. Directors are allowed to individually express their personal assessment and make comments of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. The evaluation of the Board's performance as a whole deal with matters on the board composition and processes, board decision-making and meeting processes and board responsibilities in relation to strategies and direction, accountability and oversight, risk management and internal controls and standards of conduct. BCs' evaluation deals with the efficiency and effectiveness of each BC in assisting the Board. Individual Directors' assessment covers, inter alia, the Director's attendance, preparedness, candour, participation and contribution. The independence of each INED is also considered as part of this process. Based on the responses to the questionnaire returned by each Director, a consolidated report is prepared by HOC/CS. The results of the evaluation will be reviewed by NC and shared with the Board. Action plans will be implemented for areas which the Board is of the view that improvements are required to enhance the overall effectiveness of the Board and BCs.

The last performance evaluation was carried out on 26 January 2022 in respect of FPE2021. In its assessment, NC took into consideration the Directors' attendance, contribution and participation at Board and BC meetings, Directors' individual evaluations, the intrinsic values demonstrated by INEDs and the overall effectiveness of the Board in steering and overseeing the conduct of the Manager's business vis-à-vis IGBCR, and concluded that the Board as a whole and its BCs have performed well with the individual's creditability to add value to the Board and BC deliberations and exercise objective judgement in decision-making processes, and each Director has given sufficient time and attention to the affairs of IGBCR and has been able to discharge his/her duties as a Director effectively notwithstanding he/she may have multiple listed company board representations and/or other principal commitments.

NC had also reviewed the current Board size and composition appropriate to the efficient governance and management of the Manager as described in Practice 5.1. NC was satisfied that the Board as presently constituted has an appropriate mix of expertise, skills, experience and diversity that enable the Board to discharge its mandate effectively with a balanced exchange of views, robust deliberations and debates among Board members and to provide effective oversight over Management.

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The Board had considered NC's views, and concurred that each Director has continued to perform effectively and demonstrated commitments to his/her role, including commitment of time to the Board, and where relevant BC responsibilities; the Board has an appropriate mix of skills, personal attributes and experience that would allow the Directors individually, and the Board collectively, to discharge their duties effectively and efficiently; INEDs have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and act in the best interests of IGBCR and UHs, thereby enabling balanced and well-considered decisions to be made; and the size of the Board was appropriate with sufficient diversity without interfering with efficient and effective decision making. The Board was also satisfied that this internally facilitated process works well for its size and composition, and as such, the use of an independent consultant was not necessary at this stage.

Practice 7.1

The board has remuneration policies and procedures (RPP) to determine the remuneration of directors and SM, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The RPP should appropriately reflect the different roles and responsibilities of non-EDs, EDs and SM. The policies and procedures are periodically reviewed and made available on the company's website.

IGBCR, constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own. Remuneration of the Directors and Management is not paid out of the deposited property of IGBCR, but paid by the Manager from the fees it receives.

The Manager recognises that its people are one of its key assets. The professional growth and development of its people are central to achieving the Manager's mission and strategy. With this in mind, the Manager supports levels of remuneration and compensation necessary to attract, motivate, reward and retain quality personnel required to effectively lead and manage the operations and growth of the Manager and IGBCR, at a competitive cost. The Manager strives to ensure that remuneration packages reflect the relevant duties and responsibilities, are fair and equitable incorporate rewards clearly and measurably linked to performance both on an individual and on a corporate basis and reflective of market conditions for talent. Through RC, the Board has established formal RPP for Directors and Management. The RPP is structured to ensure that the compensation offered by the Manager is competitive and will attract, retain and motivate Directors and Management, and for Directors to be good stewards of the Manager and IGBCR and for Management with the required experience and expertise to run the Manager successfully. Guided by the RPP, RC with the endorsement of the Board, reviews on an annual basis the NED fees and meeting allowances and remuneration components of Management. In its deliberation, RC will benchmark against relevant REIT managers and take into consideration industry practices to ensure that the remuneration and employment conditions are competitive.

NED fees are based on each Director's level of responsibilities on the Board and its BCs, and are benchmarked against market practices. Board Chairman and AC Chairman are paid a higher fee compared with members of the Board and of such BC in view of the additional responsibilities carried by those appointments. NEDs are also paid sitting fees for attending meetings of the Board and BCs, EDs, CEO and DCEO do not receive any fee nor meeting allowance as they are salaried executives of the Manager. Directors are entitled to be reimbursed by the Manager for reasonable travelling, accommodation and other expenses that they may incur whilst travelling to or from meetings of the Board or BCs. None of the NEDs has a service contract with the Manager.

In establishing the remuneration structure of EDs and Management, the Manager adopts a remuneration system that is responsive to the market elements and performance of both the Manager and IGBCR, as well as the individual. The remuneration of EDs and Management comprises base salary, performance bonus and/or other benefits based on their respective service contracts with the Manager. RC reviews the remuneration of EDs and Management annually taking into account variety of factors, such as general economic and market conditions; particular circumstances such as changes in the scope and responsibility of the role; salary levels for comparable roles at relevant peer companies; and individual performance. The performance bonus is linked to and determined based on achievement of the Manager's key qualitative and quantitative financial, operational and strategic measures in the year.

Directors and Officers are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Manager. Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Practice 7.2

The board has a RC to implement its RPP including reviewing and recommending matters relating to the remuneration of board and SM. The RC has written ToR which deals with its authority and duties and these terms are disclosed on the company's website.

In accordance with its ToR, RC must have at least 3 NEDs, be comprised of a majority of INEDs, and be chaired by an INED. RC presently comprises 5 NEDs, the majority of whom, including the Chair, are independent.

RC has oversight of the RPP in the context that these policies and practices fairly and responsibly reward individuals having regard to performance. No Director or Officer is involved in the deliberation and decision in respect of his/her own individual fees/remuneration.

As described in Practice 7.1 above, the remuneration packages for Directors and Management are reviewed and approved annually by RC and the Board respectively. To ensure the competitiveness of the Manager's remuneration levels, the levels are benchmarked against comparable REIT managers. The last performance evaluation for Directors and Management was carried out on 26 October 2021. RC had considered the quantum of NED fees (in respect of FY2021) and meeting allowances (in respect of year 2022), and recommended the fees be revised upwards by 30% taking into account the dual responsibility of simultaneously overseeing IGBCR and IGB REIT, while the meeting allowance remained status quo. The Board had endorsed an amount of RM845,000 (for managing both funds) as NED fees for FY2021 and this subject to the approval of the Manager's SH.

In determining the annual remuneration package for EDs and Management, RC had, in arriving at its decision, considered the performance of the Manager and IGBCR, the individual performances and responsibilities as well as comparative compensation benchmarks within the industry, and applied its judgement in determining the annual salary increment and bonus quantum for EDs and Management, which had been endorsed by the Board.

Corporate Governance Overview Statement

(continued)

Practice 8.1

There is detailed disclosure on named basis of the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits-in-kind (BIK) and other emoluments.

Details of each individual Director's remuneration paid and payable in respect of FY2021 are set out in the table below:

Board Members	Remuneration RM	BIK RM	Fees RM	Meeting Allowance RM	Total RM
TSL	-	480	182,000	42,500	224,980
DSRT	4,329,872	-	-	-	4,329,872
HHD	-	480	143,000	40,000	183,480
LCC	-	480	130,000	37,500	167,980
AKP	-	480	130,000	25,000	155,480
ETHN	381,613	-	-	-	381,613
TMS	358,558	-	-	-	358,558
TLC	-	-	130,000	25,000	155,000
TBL	-	-	130,000	10,000	140,000
Total	5,070,043	1,920	845,000	180,000	6,096,963

Note:

The above remuneration is to manage 2 funds i.e., IGBCR and IGB REIT

Practice 8.2

The board discloses on a named basis the top 5 SM's remuneration component including salary, bonus, BIK and other emoluments in bands of RM50,000.

The Board is of the view that, given the confidentiality and sensitivity of staff remuneration matters, the competition for talent in the REIT management industry and the importance of ensuring stability and continuity of business operations with a competent and experienced Management, it is the best interest of the Manager not to disclose the remuneration of its top 5 Officers (who are not EDs) on a named basis, but in bands of RM50,000, and such disclosure is sufficient for providing transparency to UHs without prejudicing the interest of UHs.

The remuneration paid to the top 5 Officers in bands of RM50,000 (instead of on a quantum basis) for FY2021 are as follows:

Remuneration Bands	Number of Officer	Remuneration	BIK	Total
Between RM350,000 – RM400,000	2	100%	-	100%
Between RM450,000 – RM500,000	1	100%	-	100%
Between RM650,000 – RM700,000	1	99.31%	0.69%	100%
Between RM850,000 – RM900,000	1	95.01%	4.99%	100%

Note:

The above remuneration is to manage 2 funds i.e., IGBCR and IGB REIT

The aggregate remuneration paid to the Management (excluding EDs) for FY2021 was RM2,799,597.

Practice 8.3 (Step Up)

Companies are encouraged to fully disclose the detailed remuneration of each member of SM on a named basis.

The non-disclosure of the remuneration of Management on a named and quantum basis does not compromise the ability of the Manager to meet with the requirement of having good CG as the RC, comprising exclusively NEDs with a majority of them being INEDs, reviews the remuneration package of such Officers who are remunerated based on their roles and responsibilities to ensure that they are fairly remunerated.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Practice 9.1

The Chairman of AC is not the Chairman of the Board.

In accordance with its ToR, AC must have at least 3 members and comprised only INEDs. AC comprises 3 INEDs, and is chaired by HHD, who is a fellow member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants (MIA).

Corporate Governance Overview Statement

(continued)

Practice 9.2

The AC has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least 3 years before being appointed as AC member.

Under AC's ToR, where a firm has been appointed as the external auditor (EA) of IGBCR, any partner of the audit firm and/or its affiliates must not serve or be appointed as a Director, including as a member of AC until at least 3 years after he/she ceases to be a partner of that firm. None of AC members are former partners of the incumbent EA, PricewaterhouseCoopers PLT (PwC).

Practice 9.3

The AC has policies and procedures to assess the suitability, objectivity and independence of the EA to safeguard the quality and reliability of audited financial statements.

AC monitors and reviews the effectiveness of the external audit process for the financial statements of IGBCR and undertakes a detailed review of the audit plan and audit results report. Any concern with the effectiveness of the external audit process will be reported to the Board. No concerns were raised in respect of IGBCR Financial Statements FPE2021.

AC is tasked with the annual assessment process on the performance and quality of EA and their independence, objective and professionalism. Following this year's evaluation using a questionnaire-based internal review as well as input from CFO who has constant contact with PwC team throughout the year, AC was satisfied with PwC's technical competency in terms of their skills, execution of audit plan, reporting and overall performance. PwC has provided a confirmation of their independence to AC that they were and had been independent throughout the conduct of the audit engagement in accordance with the provisions of By-Laws on Professional Independence of MIA and their firm's requirements for the audit of IGBCR Financial Statements FPE2021. The statement of EA's responsibilities on IGBCR Financial Statements FPE2021 is set out in this AR under the heading Independent Auditors' Report.

AC has reviewed the non-audit fees paid to PwC during FPE2021, and was satisfied that given the nature and extent of the non-audit services provided, neither the independence nor objectivity of PwC have been compromised by the provision of such non-audit services. For FPE2021, IGBCR paid RM697,851 to PwC for advisory services.

Practice 9.4 (Step Up)

The AC should comprise solely of IDs.

AC comprises solely of INEDs, and as such there is a strong and independent element to provide effective oversight for it to function effectively and exercise objective judgements independently.

Practice 9.5

Collectively, the AC should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the AC including the financial reporting process.

All members of AC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

AC members collectively have relevant expertise and experience in financial management and are appropriately qualified to discharge their responsibilities.

AC is responsible for the oversight and monitoring of the Manager's and IGBCR's financial reporting and accounting policies, risk management processes and internal controls, the procedures established to regulate RPT/RRPT, including ensuring the compliance with the provisions of REIT Guidelines and MMLR relating to RPT/RRPT, the IA's function, including its resources, audit plans and the scope and effectiveness of IA process and the independence and objectivity of EA on an annual basis.

AC has explicit authority to investigate any matter within its ToR. It has full access to, and the cooperation of Management and reasonable resources, including access to external consultant, internal and external auditors, to enable it to discharge its responsibilities properly. AC generally holds a scheduled meeting at least once every quarter and on such other occasions that necessitate their involvement.

For FPE2021, only one AC meeting was held and attended by all AC members. AC has reviewed the first interim financial report of IGBCR covering the period from 31 March 2021 (the date of establishment of IGBCR) to 30 September 2021 before recommending to the Board for approval on the release of the quarterly results, as well as the annual audit plans from the external and internal auditors to ensure that the scope of the plans have covered sufficiently the audit of financial statements and internal controls of IGBCR. AC has met separately with EA, without the presence of Management, to discuss and to confirm that they had full access to and received cooperation and support from Management. Subsequent to FPE2021, AC had at its meeting on 26 January 2021 reviewed IGBCR Financial Statements FPE2021. AC has discussed with CFO the accounting principles that were applied and considered the clarity of key disclosures in the financial statements. AC also reviewed the key audit matters as reported by EA for FPE2021. Tasks performed by AC during FPE2021 are described in greater details under the heading Audit Committee Report in this AR.

AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with training conducted by professionals or external consultants. Updates on developments in accounting and governance standards are presented by EA at AC meetings. Details of the seminars/webinars that AC members attended during FPE2021 are set out in the Appendix.

Corporate Governance Overview Statement

(continued)

Practice 10.1

The board should establish an effective risk management and internal control framework.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

The Board recognises the importance of a sound system of risk management and internal controls to safeguard UHs' interest and IGBCR's assets. The Board affirms its responsibility for IGBCR's system of risk management and internal controls, and for reviewing the adequacy and effectiveness of IGBCR's risk management and internal controls, including financial, operational, compliance and information technology (IT) controls on an annual basis.

The Manager has established a strategy and risk framework for IGBCR (Framework). The Framework integrates the enterprise risk management with business strategies and processes, thus providing IGBCR a holistic and consistent process for the continuous identification of key risks, management and monitoring of risks as well as quarterly reporting of the risks to the Board. The ownership of these risks lies with the DCEO and the function heads of the Manager, with stewardship residing with the Board.

Commercial RMSC, together with HSR, assists the Board to oversee, review and update the Framework to ensure its adequacy and effectiveness on the business, with internal controls in place to manage risks including but not limited to finance, operations, compliance and IT. The Manager identifies these risks through a risk register with specific internal controls in place to manage or mitigate those risks. The key risks are highlighted and disclosed by the Board on a quarterly basis. Internal and external auditors conduct audits that involve testing the effectiveness of the material internal control systems of IGBCR. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal and external auditors are reported to the AC. The effectiveness of the measures taken by Management in response to the recommendations made by the internal and external auditors are also reviewed by AC.

In consultation with AC, Commercial RMSC and IA, the Board assesses the adequacy and effectiveness of risk management and internal controls of IGBCR. Based on the system of internal controls and Framework established and maintained by IGBCR, the audits conducted by internal and external auditors, reviews performed by Commercial RMSC, and the receipt of assurance from MD and CFO, the Board with the concurrence of AC was satisfied that IGBCR's internal controls and risk management systems put in place during FPE2021 were adequate and effective to address the material financial, operational, compliance and IT risks faced by IGBCR.

IGBCR's approach to risk management and internal controls as well as the management of key business risks is set out in this AR under the heading Statement on Risk Management and Internal Control which has been reviewed by PwC.

Practice 10.3 (Step Up)

The board establishes a Risk Management Committee, which comprises a majority of IDs, to oversee the company's risk management framework and policies.

Commercial RMSC assists the Board to oversee IGBCR's overall strategy and risk framework with their expertise, experience and knowledge of the business, and is supported by HSR, who monitors and evaluates the effectiveness on an on-going basis. Commercial RMSC comprises Management and is chaired by DCEO, all of whom have detailed knowledge on the ongoing strategies and risks of the business. The Head of IA is also invited for Commercial RMSC meetings to provide insight on internal control, risks and sustainability matters.

The IGBCR culture pertaining to strategy and risks is one of ownership, whereby the functional units themselves take ownership of their strategies and risks. They identify and evaluate strategies and risks to ensure the implementation of strategic plans and mitigation actions are in place and aligned with the framework. Functional units will monitor and measure performance of strategic plans, their mitigation actions before submitting strategy and risk reports every quarterly.

Practice 11.1

The AC should ensure that the IA function is effective and able to function independently.

Practice 11.2

The board should disclose –

- *whether IA personnel are free from any relationships or COI, which could impair their objectivity and independence;*
- *the number of resources in the IA department;*
- **name and qualification of the person responsible for IA; and**
- *whether the IA function is carried out in accordance with a recognised framework.*

The Manager adopts the principles that a robust IA system is required to safeguard UHs' interests, IGBCR's assets, and to manage risks.

The Manager has outsourced the IA function to GIA Department (GIAD) of IGB to provide an independent assurance function for Management and AC based on a systematic review and evaluation of the governance, risk management and internal control processes of the Manager and IGBCR. IA is independent of the functions and activities that it audits and operates under an audit charter mandated by AC which gives it unrestricted access to review all activities and IGBCR's documents, records, properties and personnel, including access to AC. The head of GIAD, Christine Ong May Ee, who has a Bachelor of Accountancy (Hons.) (Singapore), Certified Internal Auditor (USA), Certified Risk Management Assurance (USA), Fellow of the Chartered Accountants Australia and New Zealand, Fellow of the Institute of Internal Auditors (IIA) (Malaysia) and Chartered Accountant (Malaysia), reports directly and functionally to AC and administratively to MD. To ensure that audits are effectively performed, GIAD recruits and employs suitably qualified staff with the requisite skills and experience, and such staff are also given relevant training and development opportunities to update their technical knowledge and auditing skills. As at 31 December 2021, GIA has 9 personnel in the team. IA subscribes to, and is in conformance with, the International Standards for the Professional Practice of Internal Auditing (Standards) set by the IIA Inc and has incorporated these Standards into its audit practices. On an annual basis, every staff signs a declaration of his/her adherence to the IIA Code of Ethics.

Corporate Governance Overview Statement

(continued)

IA adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of IGBCR. Based on risk assessment performed by IA and key risks identified by Management, greater focus and appropriate review intervals are set for higher risk activities, and material internal controls, including compliance with the policies, procedures and regulatory responsibilities of the Manager and IGBCR. IA also performs investigations and ad-hoc reviews as and when the need arises, or when requested by Management.

Each quarter, IA submits reports to AC for review and deliberation. AC reviews and deliberates on the issues highlighted by IA along with audit recommendations as well as management's responses and action plans to rectify these issues. All significant issues deliberated at AC of the Manager are also reported to AC of IGB, for information.

The scope of IA reviews is carried out in accordance with the yearly plans prepared by IA and approved by AC. As IGBCR was listed on 20 September 2021, only 2 audit reports were issued by GIAD for the assignment conducted on IGBCR i.e., ESG and management of building access cards, and the IA 2022 Plan was approved by AC. Details of IA functions and activities are disclosed in this AR under the heading Audit Committee Report and Statement of Risk Management and Internal Control.

Apart from the usual IA function, IA is the contact point for feedback@igbcomreit.com i.e., communication channel for lodging complaints and feedback from stakeholders. The Head of GIAD is a member of IGB's Whistleblowing Committee.

In accordance with the Standards, an external quality assessment review (QAR) of GIAD is conducted at least once every 5 years by a qualified, independent reviewer. A QAR of GIAD was performed by Crowe Governance Sdn Bhd in October 2020. The review had concluded that the GIAD was in conformance with the Standards. The next review would be due in year 2025.

AC has reviewed the independence and performance of the IA function and was satisfied that the IA function was independent, adequately resourced and effective in performing its functions, and had appropriate standing within the Manager.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

The Manager understands IGBCR's regulatory obligations around continuous disclosure as a listed entity. The Manager is committed to providing UHs and other relevant stakeholders with timely communication regarding any matters that may impact or influence the investment performance of IGBCR. All material information such as corporate announcements, quarterly financial results, ARs and circulars are communicated on a timely basis via announcements through the BursaLINK. IGBCR's website is regularly updated to contain the archives of portfolio descriptions, corporate announcements, quarterly financial results, ARs, circulars, corporate policies, media statements and relevant news clippings. UHs are able to elect to receive communications from, and send communications to IGBCR and its unit registry electronically. The 'Contact' page on IGBCR's website provides the email address for contacting IGBCR and the unit registry

Other than publicly released announcements and its corporate website, the Manager also provides a specific investor relations contact (investorrelations@igbcomreit.com) through which UHs and the investment community are able to ask questions and receive responses in a timely manner. Further, as part of IGBCR's active investor relations programme, the Manager conducts regular briefings for other stakeholders from the wider investment community, such as analysts and media representatives, in conjunction with the release of IGBCR's results and business updates. Information that is price-sensitive or that may be regarded as undisclosed material information about IGBCR is not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made. In 2021, despite the challenges posed by Covid-19, Management actively participated in several online roadshows and webinars to introduce IGBCR to a wider group of audience.

To address stakeholders' concerns and expectations, the website also contains a facility (feedback@igbcomreit.com) for UHs to direct queries to IGBCR. Designated personnel have been assigned to attend or respond to enquiries from UHs and investment community.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

The Board strives to disclose all matters relating to IGBCR in an open and transparent manner such that stakeholders can make informed decisions. An overview of IGBCR's business and operations, discussion and analysis of the financial results and financial condition, review of operating activities, discussion on identified and anticipated or known risks including ESG-related risk management, and forward-looking statements comprising trends and the inclusion of the business review are included in this AR under the headings Management Discussion and Analysis and Sustainability Statement.

The Board recognises the benefits of having an integrated report, which establishes integrated thinking and reporting that is designed to support sustainable business and financial stability. This recommendation will be satisfied at the appropriate time in the future.

Practice 13.1

Notice for an AGM should be given to the SHs at least 28 days prior to the meeting.

The notice sets out the business to be transacted at AGM with explanatory notes for each resolution proposed to enable UHs to make informed decisions in exercising their voting rights. Any UH who is not able to attend AGM is allowed to appoint up to 2 proxies to vote on his/her behalf at the meeting through proxy forms sent before the proxy submission cut-off time.

Corporate Governance Overview Statement

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Practice 13.2

All directors attend GMs. The Chair of AC, NC, Risk Management and other committees provide meaningful response to questions addressed to them.

Where possible, all Directors will attend UH meetings, particularly the Board Chairman and chairperson of each BC to facilitate engagement with UHs and to address any relevant questions and concerns raised by UHs. The EA will be available to answer UHs' questions on the conduct of the audit, and the preparation and content of the Independent Auditors' Report.

As the forthcoming AGM would be the IGBCR's first AGM, there is therefore no record of Directors' attendance at previous AGM to disclose.

Practice 13.3

Listed companies should leverage technology to facilitate –

- *voting including voting in absentia; and*
- *remote SHs' participation at GMs*

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

The 1st AGM will be held on 28 April 2022. This AR for FPE2021 will be mailed out to UHs on 28 February 2022, published on IGBCR's website and made available on the BursaLINK. Should UHs wish to have a printed copy of the AR, they may also submit a request via email to IGBCR at corporate-enquiry@igbcomreit.com. For ease of reference by UHs, the [Virtual AGM Guide](#) accompanying [Notice of 1st AGM](#) provides easy-to-follow instructions on how to download the full AR and to register for the 1st AGM.

The Manager recognises the increased risk of cyber-attacks and hence places high importance on cyber security in the organisation. In order to maintain integrity and availability of the data environment, the Manager subscribes to the IGB's Group Cybersecurity Policy and IT Acceptable Use Policy. These policies define the technical controls and security configurations that users and IT administrators are required to implement, as well as provide users with policies and guidelines regarding the acceptable use of the Group's technology equipment and email. The Group IT Department strives to continuously strengthen IT infrastructure, ensuring that personal data are used or maintained in a responsible manner, and heighten the Group's ability to monitor any potential cyber-attacks and threats to breach of data. In FY2021, IGB Group has deployed critical cybersecurity software including ransomware protection, log management and privilege access management across key systems as well as patched system vulnerabilities highlighted from the previous year's cyber security posture assessment by the cybersecurity consultant firm Firmus Sdn Bhd. A cyber risk awareness training was also organised for directors and key personnel of the Group whilst a training portal is being developed for all employees of the Group.

Practice 13.4

The Chairman of the board should ensure that GMs support meaningful engagement between the board, SM and SHs. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. SHs should also be provided with sufficient opportunity to pose questions during the GM and all the questions should receive a meaningful response.

GMs of IGBCR are the principal forum for dialogue and interaction between the Board and UHs. The Board encourages active UH participation at GMs and opportunity will be given to every UH to interact with Directors and Management, to ask questions on the relevant agenda items and to communicate their views or seek information on IGBCR matters. Prior to voting at an AGM or any other GM, the voting procedures will be made known to the UHs to facilitate them in exercising their votes. An independent scrutineer will be appointed to validate the vote tabulation procedures. The voting results, showing the number of votes cast for and against each resolution and the respective percentages, will be disclosed at the GMs right after the votes are casted. Announcements of the voting results will be made available through the BursaLINK and on IGBCR's website.

Practice 13.5

The board must ensure that the conduct of a virtual GM (fully virtual or hybrid) support meaningful engagement between the board, SM and SHs. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the GM and interactive participation by SHs. Questions posed by SHs should be made visible to all meeting participants during the meeting itself.

Given that Malaysia and other countries in the world have yet to transition from a pandemic to an endemic due to the emergence of new variants to the SARS-CoV-2 virus, the Board has decided to conduct the 1st AGM of IGBCR as a virtual event. This measure is intended in particular to avoid health risks for UHs, employees, external service providers as well as Board members.

Details of how UHs will be able to join, vote and submit questions in advance of the virtual AGM can be found in [Notice of 1st AGM](#) accompanying [Virtual AGM Guide](#) as set out in this AR. Should UHs wish to have a printed copy of AR, they may also submit a request via email to IGBCR at corporate-enquiry@igbcomreit.com.

Practice 13.6

Minutes of GM should be circulated to SHs no later than 30 business days after the GM.

Minutes of GMs (including substantial and relevant comments or queries from UHs, and responses from the Board and Management) will be published on IGBCR's website within one month after the date of the GM.

Corporate Governance Overview Statement

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Appendix

CONTINUING PROFESSIONAL DEVELOPMENT

The Board and CMSRL attended or participated in one or more of the following seminars/webinars which they have individually or collectively considered as relevant and useful to enhance their business acumen and professionalism in discharging their duties to the Manager and IGBCR during FPE2021:

Training Focus	Seminars/Webinars
ESG	<ul style="list-style-type: none"> ▪ Bursa Malaysia – Fraud Risk Management Workshop 2021 ▪ Iclif Executive Education Centre – Nominating and Remuneration Committees: Beyond Box-Ticking and Enhancing Effectiveness ▪ Jones Lang LaSalle Incorporated – The Future of Sustainable Spaces ▪ Perdana Leadership Foundation (PLF) – CEO Forum 2021: Business in the New Normal: Recover, Rethink, Rebuild* ▪ Permodalan Nasional Berhad (PNB) Research Institute Sdn Bhd – PNB Knowledge Forum 2021: Climate Change - A New Green Deal for Malaysia* ▪ Securities Industry Development Corporation (SIDC) – Integrating ESG in Fundamental and Financial Analysis ▪ SIDC – Ethics and Integrity, Professionalism and Corporate Dilemma ▪ SIDC – Sustainable and Responsible Investment: Paving the Way for Profitability through Sustainability ▪ The Royal Institution of Chartered Surveyors – Smart Buildings Conference 2021: Intelligent Infrastructure – from concept to reality
Economics, Finance and Accounting	<ul style="list-style-type: none"> ▪ The Asian Institute of Management (AIM) – Asia’s Journey to Prosperity: Policy, Market and Technology over 50 years* ▪ AIM – Asia’s Future Re-imagined: Business, Community and Society Beyond the Pandemic* ▪ ASEAN Federation of Accountants, MIA and Ikatan Akuntan Indonesia – Islamic Finance Webinar: Islamic Social Finance for SMEs in ASEAN - Sharing from Malaysia and Indonesia ▪ MIA – Audit Committee Conference 2021: Agility, Empathy and Resilience - How the Audit Committee will Thrive in the New Normal ▪ PLF – CEO Forum 2021: Concurrent Session B - Are We There Yet? Future-Proofing Malaysia SMEs ▪ SIDC – Economic Outlook 2021: Investing at the Right Time and Sector ▪ SIDC – Integrating ESG in Fundamental and Financial Analysis ▪ The Association of Malaysian Economics Undergraduates (AMEU) – AMEU Economics Summit 2021* ▪ The University of Hong Kong – Asia Global Dialogue 2021: Asia Forward - Leading the Way Towards a New Multilateralism* ▪ The World Bank East Asia & Pacific – The Economics of Covid-19 in Developing East Asia & The Pacific*
Internet of Things	<ul style="list-style-type: none"> ▪ Firmus Sdn Bhd – Cyber Risk Awareness ▪ Jeffrey Cheah Foundation – Procurement Digitalisation for the Future* ▪ SIDC – Digital Acceleration and Innovation for Business Recovery and Growth ▪ SIDC – Digital Transformation and the Rise of Gig Economy ▪ SIDC – Rethinking Cybersecurity in the New Norm

Note:

* TSL as guest speaker/panelist

Audit Committee Report

AC ROLE

The AC is led by Encik Halim bin Haji Din, an Independent Non-Executive Director (INED) who is not the Chairman of the board of directors of IGB REIT Management Sdn Bhd (Board or Directors), the Manager of IGB Commercial Real Estate Investment Trust (IGBCR).

During the year under review, the terms of reference (ToR) of AC with effect from 20 September 2021 is in line with the best practices recommended in the Malaysian Code on Corporate Governance (MCCG). The ToR adopted Practice 9.2 of MCCG, where a firm appointed as the external auditor (EA) of IGBCR, any partner of the audit firm and/or its affiliates must not serve or be appointed as a Director, including as a member of AC until at least 3 years after he/she ceases to be a partner of that firm. None of AC members are former partners of the incumbent EA, PricewaterhouseCoopers PLT (PwC).

Currently, the AC comprises 3 members, all of whom are INEDs, and as such there is a strong and independent element to provide effective oversight for it to function effectively and exercise objective judgements independently. AC members collectively have relevant expertise and experience in financial management and are appropriately qualified to discharge their responsibilities. The annual review of the composition and performance of AC, including members' tenure, performance and effectiveness as well as their accountability and responsibilities, was duly assessed via the annual board performance-assessment. Based on the evaluation for FPE2021, the Board was satisfied that AC has continued to show strong performance over the years, and AC members, as indicated in their profiles, have sound judgement, objectivity, independent attitude, management experience, integrity, knowledge of the industry, and financially literate. With balanced diversity of skills and experience, they have discharged their functions, duties and responsibilities, supporting the Board in ensuring that the Manager and IGBCR uphold appropriate corporate governance standards.

AC is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, risk management processes and internal controls, the governance processes, and the audit process of the Manager and IGBCR, as well as the Manager's process for monitoring compliance with laws and regulatory requirements as it relates to financial matters.

AC has authority to investigate any matter within its ToR which can be viewed on IGBCR's website www.igbcomreit.com, full access to and co-operation of the officers of the Manager (Management) and full discretion to invite any Director or Management to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The internal and external auditors have unrestricted access to the AC.

This Audit Committee Report (ACR) provides a summary of the activities carried out by AC during financial period 31 March 2021 (i.e., date of constitution of IGBCR to 31 December 2021) (FPE2021) and to the date of this ACR in conducting its affairs and discharging its responsibilities.

This ACR is current as at 26 January 2022 and has been approved by the Board.

AC MEETINGS

AC shall convene at least 4 times a year. The schedule of business considered by AC covered the key areas within its remit and is supported by information provided by Management, external and internal auditors. Meeting materials, both digital and printed copies, are sent to AC members at least 5 business days (unless in avoidable circumstances) prior to the date set for meetings to enable ample time for members to review the information and to obtain such details and explanations where necessary.

AC has met only once in FPE2021 in relation to IGBCR matters as IGBCR was listed on 20 September 2021. The meeting was attended by all AC members. The Managing Director (MD) was also in attendance as requested by AC to facilitate direct communication and to seek clarification on audit issues as well to solicit information in relation to the operations of the Manager and IGBCR. The meeting was also attended by Chief Financial Officer (CFO), Head of Investment, Head of Strategy & Risk and Head of Compliance/Company Secretary of the Manager, as well as Head of Group Internal Audit (GIA) of IGB Berhad (IGB), the ultimate holding company of the Manager, providing the internal audit services, upon invitation, to brief and provide comprehensive explanation on their respective reports. AC also had a private session with EA to enquire about Management's co-operation, their sharing of information as well as discuss the results of the audit and any other observations they may have during the audit process and regarding risk management issues, without the presence of Management.

AC ACTIVITIES

Principal activities performed by AC during FPE2021 and to the date of this ACR are as follows:

- (a) Financial Reporting
 - (i) Evaluated on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with generally accepted accounting principles and overall accounting standards, as well as any related changes discussed and resolved any significant or unusual accounting issues. Introduced measures that, in AC's opinion, would enhance the credibility and objectivity of financial statements and reports prepared about the affairs of IGBCR and the Manager.
 - (ii) Reviewed the first unaudited interim financial report of IGBCR covering the period from 31 March to 30 September 2021 which was announced to Bursa Malaysia Securities Berhad (Bursa Securities) immediately after the Board's approval on 26 October 2021.

Audit Committee Report

(continued)

Subsequent to FPE2021, AC had at its meeting on 26 January 2022, reviewed the financial reporting checklist FPE2021 completed by CFO, and assessed by MD, and obtained their assurance, in making its recommendation to the Board, that adequate processes and controls were in place for an effective and efficient process in preparation of IGBCR Financial Statements FPE2021 and, in all material respects, IGBCR Financial Statements FPE2021 complied with the applicable Malaysian Financial Reporting Standard as well as disclosure provisions of the Main Market Listing Requirements of Bursa Securities, and fairly present the results of the operations, cash flow and financial position of IGBCR. AC had also reviewed the second unaudited interim financial report of IGBCR covering the period from 1 October to 31 December 2021 and the distributable income amounting to RM26.483 million or 1.147 sen per unit taxable, which would be paid to unitholders of IGBCR (UHs) on 25 February 2022.

(b) External Audit

- (i) Reviewed the EA's Audit Plan 2021 for IGBCR, encompassing the planned scope and timing for the year's audit and other examination including the evaluation of internal control systems, to the extent performed as part of the external audit.
- (ii) Considered whether the extent of reliance on internal audit by EA was appropriate and whether there were any significant gaps between internal and external audits.
- (iii) Obtained assurance from EA that their independence has not been impaired.
- (iv) Reviewed, in consultation with CFO, the terms of engagement of PwC for the audit of IGBCR Financial Statements FPE2021 in respect of cost, scope and performance, upon confirmation of their independence and objectivity including non-audit services related to tax consultancy, prior to tabling for the Board's approval.
- (v) Conducted a private session with EA without the presence of Management on 26 October 2021 to apprise on matters with regard to the audit and financial statements. No major concerns were highlighted by EA and they had received full support and cooperation from Management.

Subsequent to FPE2021, AC carried out the following duties at its meeting on 26 January 2022:

- (i) Reviewed the results of EA's audit report on the conduct of IGBCR Financial Statements FPE2021, the audit findings together with recommendations, including key audit matters.
- (ii) Reviewed and deliberated on key audit issues pertaining to the audit of IGBCR Financial Statements FPE2021.
- (iii) Evaluated EA's performance and effectiveness, quality of communication and interaction and its independence and objectivity, on the basis of AC meetings and a questionnaire-based internal review. Based on the assessment, AC was satisfied with EA's technical competency in terms of their skills, execution of audit plan and reporting and overall performance. Requisite assurance was sought and provided by the EA that internal governance processes within PwC demonstrate and support the firm's independence.

(c) Internal Audit (IA)

The IA function is outsourced and undertaken by IGB's GIA Department (GIAD). The Head of GIA is Christine Ong May Ee, who holds the following qualifications - Certified Internal Auditor (USA), Certified Risk Management Assurance (USA), Fellow of the Chartered Accountant Australia and New Zealand, Fellow of the Institute of Internal Auditors (Malaysia), Chartered Accountant (Malaysia) and Bachelor of Accountancy (Hons.) (Singapore). She is assisted by a team of suitably qualified and experienced internal auditors. The Head of GIA reports to AC functionally to maintain its independence. On an annual basis, AC evaluates the performance of the IA function and obtains confirmation on its independence and objectivity.

The IA function assists AC in discharging some of its duties and responsibilities, as an integral part of the governance framework. The IA function provides AC with risk-based independent and objective assurance, advice and insight on the adequacy and effectiveness of internal controls, risk management and governance processes of the Manager and IGBCR. The IA carries out its responsibilities in conformance to the International Standards for the Professional Practice of Internal Auditing as confirmed by a quality assurance review conducted by Crowe Governance Sdn Bhd in October 2020. The IA function also engages in quality improvement programs on an on-going basis to ensure that IA activities keep up with the latest developments in the internal auditing practices.

The IA function carries out audit engagements based on the annual plan which is approved by AC. Upon completion of each audit engagement, a report is issued to management who are responsible for ensuring that corrective actions are taken on weaknesses in risk management, controls and governance highlighted in the report within a reasonable time frame. IA follows up with Management on the status of implementation of all audit recommendations every 3 months until all recommendations have been implemented and addressed.

Other than planned assurance engagements that have been included in the IA's plan, the IA also conducts ad hoc special reviews as and when the need arises or when a significant change in risk has been identified. The scope of these engagements is discussed with Management and reported to AC for their approval. All reports issued for such engagements are communicated to the relevant members of Management and AC.

The IA function also provides advisory services to Commercial Risk Management and Sustainability Committee (Commercial RMSC) in the areas of risk management, sustainability and business continuity. In addition, the Head of GIA is a member of the Whistleblowing Committee for IGB Group. She also manages the Feedback channel for IGBCR.

Audit Committee Report

(continued)

The following is a summary of IA's work reviewed and/or approved by AC during FPE2021 and to the date of this ACR:

- (i) Reviewed the 2 audit reports issued by GIAD i.e., Environmental, Social and Governance and management of building access where Management had since taken remedial action on the identified deficiencies in internal control.
- (ii) Reviewed and approved the IA 2022 Plan to ensure adequate scope and coverage of key risk areas and processes in the operations, compliance with regulations and internal controls of the Manager and IGBCR. The planning for the audit involved a risk-based approach which emphasised on effective planning and scoping of the audit to suit the size and activities of functional areas and to concentrate audit resources on operational areas that are exposed to a greater degree of risk.
- (iii) Reviewed and approved the IA Charter.

AC is generally satisfied with the IA's quality of service and sufficiency of resources provided, professional scepticism, quality of communication and interaction, independence and objectivity.

(d) Risks and Control Environment

The Board has assigned oversight of IGBCR's risk management function to Commercial RMSC whose responsibilities include, among others, determining the strategic approach to risk and setting the risk appetite, understanding the significant risks and ensuring the adequacy and reliability of the risk management processes and system of internal controls. The IA function, as part of their audit review, provides objective assurance to AC that the significant business risks are managed appropriately and the strategy and risk framework is operating effectively.

Based on information and explanations by Management and discussion with EA on the results of their audit, AC was generally satisfied with the adequacy and integrity of IGBCR's internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines. No significant irregularity or deficiency in internal controls came to the attention of AC during FPE2021.

An overview of the state of internal controls in IGBCR, which includes the risk management and key internal control processes is described in greater details in this Annual Report (AR) under the heading Statement on Risk Management and Internal Control (SORMIC).

(e) Related Party Transactions (RPT)

During FPE2021, AC has reviewed the RPT and recurrent RPT (RRPT) entered into by IGBCR with related parties (RPs), and was satisfied that all transactions were in the best interest of IGBCR, whereby the terms concluded were fair, reasonable and based on commercial viability, and were therefore not deemed detrimental to the interests of minority UHs, and monitoring procedures to regulate such transactions were appropriate and sufficient.

Subsequent to FPE2021, AC had at its meeting on 26 January 2022, reviewed the circular in relation to the proposed RRPT mandate (RRPT Mandate) to be sought at the First Annual General Meeting of IGBCR to be held on 28 April 2022, and having considered, among others, the nature of RRPT to be made were intended to meet the ordinary and usual course of business needs of IGBCR and likely to occur with some degree of frequency and such transactions to be undertaken at arm's length and on normal commercial terms consistent with IGBCR's usual practices and policies, as well as the procedures and processes established to regulate RRPT, was satisfied that adequate processes and controls were in place for an effective and efficient process in the monitoring, tracking and identifying RRPT in a timely and orderly manner. The details of the RRPT Mandate are set out in the Circular to Unitholders – RRPT Mandate.

(f) Annual Reporting

AC had at its meeting held on 26 January 2022 reviewed the ACR and SORMIC, and recommended to the Board for inclusion in this AR.

CONTINUING PROFESSIONAL DEVELOPMENT

During FPE2021, AC members attended various seminars and webinars to better understand their roles as well as to enhance their knowledge to efficiently discharge their duties as Directors of the Manager. Details of the training that they attended during FPE2021 are set out in Appendix of the Corporate Governance Overview Statement.

Statement on Risk Management and Internal Control

The Board of Directors (Board) of IGB REIT Management Sdn Bhd is pleased to present the Statement on Risk Management and Internal Control (Statement). This Statement is prepared pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR) and in accordance with the guidelines as set out in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board maintains its overall responsibility to ensure a framework of risk management and internal controls is in place to maintain the continued high level of corporate governance. The Commercial Risk Management and Sustainability Committee (Commercial RMSC) assists the Board to oversee the overall strategy and risk framework with their expertise, experience and knowledge of the business.

RISK MANAGEMENT FRAMEWORK

IGB Commercial REIT has in place a Strategy & Risk Framework (Framework) which is based on the Committee of Sponsoring Organisations of the Treadway Commission's (COSO) Enterprise Risk Management (ERM) – Integrating with Strategy and Performance framework and is designed to integrate risk and strategy within the operations of the organisation.

The Framework itself is a set of principles organised into 5 interrelated components:

1. **Governance and Culture:** Governance sets the organisation's tone, reinforcing the importance of, and establishing oversight responsibilities for ERM. Culture pertains to ethical values, desired behaviours, and understanding of risk in the entity.
2. **Strategy and Objective-Setting:** ERM, strategy, and objective-setting work together in the strategic-planning process. A risk appetite is established and aligned with strategy; business objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk.
3. **Performance:** Risks that may impact the achievement of strategy and business objectives need to be identified and assessed. Risks are prioritised by severity in the context of risk appetite. The organisation then selects risk responses and takes a portfolio view of the amount of risk it has assumed. The results of this process are reported to key risk stakeholders.
4. **Review and Revision:** By reviewing entity performance, an organisation can consider how well the ERM components are functioning over time and in light of substantial changes, and what revisions are needed.
5. **Information, Communication, and Reporting:** ERM requires a continual process of obtaining and sharing necessary information, from both internal and external sources, which flows up, down, and across the organisation.

The Framework is reviewed annually by the Commercial RMSC to ensure its adequacy as more robust methodologies are introduced.

RISK MANAGEMENT

IGB Commercial REIT's robust risk management is not designed to eliminate risks but to mitigate unexpected operational surprises and losses, reducing performance variability, improving resource deployment, identifying and managing entity wide risks and also increasing the range of opportunities.

The IGB Commercial REIT culture pertaining to strategy and risks is one of ownership, whereby the functional units themselves take ownership on their strategies and risks. They identify and evaluate strategies and risks to ensure the implementation of strategic plans and mitigation actions are in place and aligned with the Strategy & Risk Framework. Functional units will monitor and measure performance of strategic plans, their mitigation actions before submitting strategy and risk reports every half year.

The Commercial RMSC maintains the database for the IGB Commercial REIT functional units' strategies and risks and monitor updates. Functional units' escalation of risks of new and existing investments, strategies or opportunities are reviewed by the Commercial RMSC to ensure that exposures are within the approved risk appetite in consultation with Group Strategy & Risk (GSR). The Board assesses the adequacy and effectiveness of internal controls on an annual basis. Management is responsible for ensuring that risk management activities are implemented effectively to manage significant business risks in a timely manner. Group Internal Audit reviews the risk management process for comprehensiveness and effectiveness.

During the meetings held in the financial period, the Commercial RMSC has specifically assessed the risks arising from the Covid-19 pandemic, their potential impacts on the operations and finances of IGB Commercial REIT, as well as the mitigating actions implemented or to be implemented by the Manager. Highlights of the salient risks and corresponding mitigating actions by IGB Commercial REIT have been further detailed in the Management Discussion & Analysis section of the Annual Report.

BUSINESS CONTINUITY PLAN

In order to provide contingency plans and recovery processes to respond and recover in the event of a disaster, IGB Commercial REIT has established a Business Continuity Plan (BCP). The BCP incorporates detailed Emergency Response Plans for each operational site, a Crisis Management & Communication Plan, and a Business Impact Analysis to ensure Business Recovery Plans are established for prompt restoration of mission critical systems. Aspects of the BCP were immediately activated during the Covid-19 pandemic and announcement of movement control order by the Government. The BCP is reviewed annually to ensure its adequacy for operational response and recovery.

ANTI-BRIBERY & CORRUPTION POLICY

IGB has established the IGB Group Anti Bribery and Corruption Policy (ABC) in line with the requirements of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 specifically regarding the corporate liability provision on commercial organisations for corruption committed by persons associated with it. The ABC applies to all employees and directors of companies under the IGB Group.

Statement on Risk Management and Internal Control

(continued)

The ABC enshrines the principles of a zero-tolerance approach against any and all forms of bribery and corruption as well as provides guidance to employees on dealing with improper solicitation, bribery and other corrupt activities that may arise in the course of executing or undertaking their professional duties, obligations and responsibilities.

The Manager is a subsidiary of IGB and therefore subscribes to the ABC. Risks in relation to bribery and corruption are assessed as part of the risk management process before being reviewed by the Commercial RMSC.

The ABC is reviewed at least once every three years for effectiveness by the Head of Group Legal of IGB who has been appointed as the Integrity Officer.

WHISTLEBLOWING POLICY

IGB has implemented the IGB Group Whistleblowing Policy and Procedures (WPP). The WPP is intended to encourage and facilitate employees and stakeholders who have or may have genuine concerns in relation to any alleged, suspected or actual serious acts of misconduct or illegal activity to disclose or report such acts or activities.

The WPP addresses the commitment by IGB towards maintaining the highest standards of accountability, ethical conduct, fairness, integrity, probity, professionalism and transparency as well as the requirement for all IGB Group employees to conduct themselves with the highest level of accountability, integrity, impartiality, professionalism and transparency, at all times.

The WPP undertakes that all disclosures and reports by whistleblowers will be treated with the strictest of confidence and promptly, professionally and fully investigated. The WPP also provides assurance that no action will be taken against any employee who discloses or reports any alleged, suspected or actual serious acts of misconduct or illegal activity in good faith. The WPP further complements the ABC whereby protection and confidentiality commitment of the WPP also applies to the ABC.

The Manager is a subsidiary of IGB and therefore subscribes to the WPP.

INTERNAL CONTROL PROCESSES

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues. It has delegated to Management the implementation of internal controls in the operation of the functional units in IGB Commercial REIT.

The main pillars of the framework for internal controls include:

Organisation & Structure

- Continued maintenance of defined lines of reporting, responsibility and delegated authorities.
- Clear and structured boundaries of authority that form a framework of leadership and accountability within the IGB Commercial REIT.
- Instil control-conscious and risk management culture and ensure proper tone at the top for an effective control environment.

Anticipation & Accountability

- Regular consortium of all heads of functional units to raise and review any and all significant risks and opportunities related to known and emerging changes in the operational and regulatory landscape.
- Construction of annual operating budgets and capital expenditure plans by all functional units, reviewed and approved by the Managing Director (MD), Chief Executive Officer (CEO) and the Board.
- Transparent assessment of performance against approved budgets, with reporting of discrepancy or variance to the Board.
- Regular reporting updates of all significant issues, financial accounting status and legal developments to the Board for up-to-date visibility.

Compliance & Training

- Standardisation and distribution of operating policies and procedures in line with internal controls, industry best practices and the relevant laws and regulations; to be reviewed regularly and approved by Management.
- Ongoing investment in training and guidance of staff to ensure they are competent and motivated to excel in their responsibilities, improving retention rate of strong talent.
- Maintenance of clear guidelines for conducting hiring, termination and annual performance appraisal processes that uphold a reputation of corporate integrity.

The IA provides further independent assurance on the adequacy and effectiveness of the risk management and internal control systems as part of their audit review. All reports are brought to the attention of the Board through the AC.

The Board, with the concurrence of AC, has reviewed the effectiveness of IGB Commercial REIT's system of risk management and internal controls. There were no significant internal control issues that would have resulted in any material losses, contingencies, or uncertainties that would require disclosure in the IGB Commercial REIT annual report.

The Board has received assurance from MD and CEO that IGB Commercial REIT's risk management and internal control systems are operating adequately and effectively in all material aspects.

As required by paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the IGB Commercial REIT.

This Statement is current as at 26 January 2022 and has been approved by the Board.

Sustainability Statement

As the world continues to grapple with the Covid-19 pandemic, there is a greater sense of realisation on the significance of good environmental, social and governance (ESG) practice towards safeguarding our future.

The present pandemic is a stark and timely reminder of what is at stake. To this end, we are committed to continue investing in our planet and doing business responsibly. We embed sustainability throughout our value chain, and recognise the importance of incorporating the ESG aspects throughout our business operations.

This ensures we operate responsibly and remain focused in our mission to deliver sustainable value to our stakeholders and enrich the lives of Malaysians. Our approach to sustainability, elaborated through this statement, is fundamental to how we do business and is integrated across all the properties we manage.

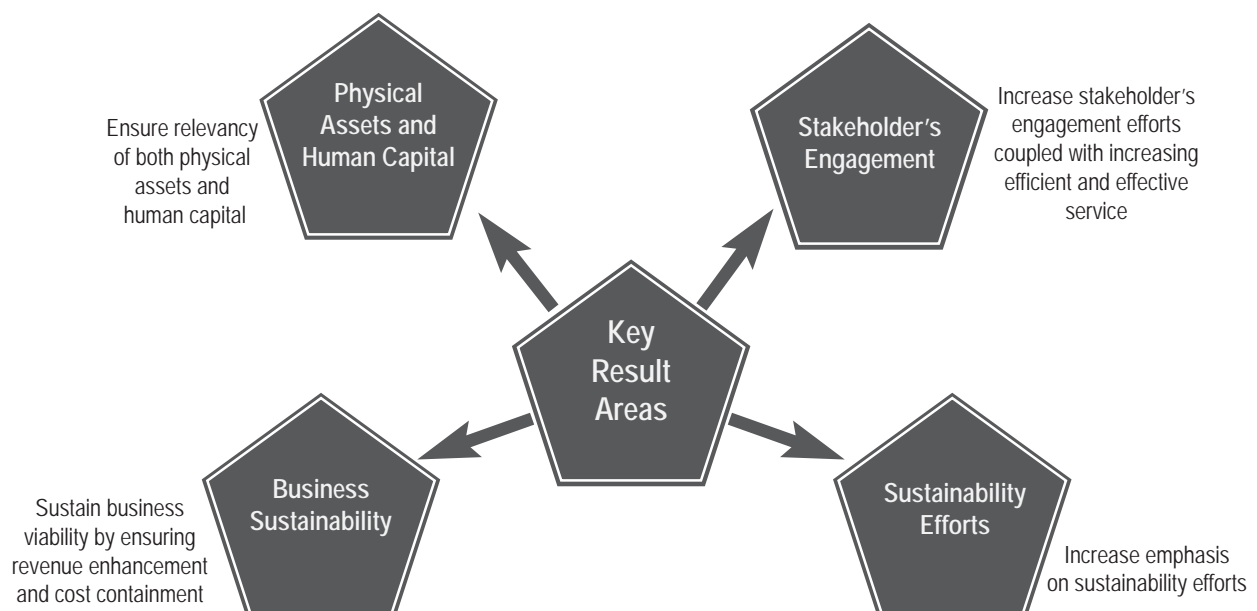
This year marks our first Sustainability Statement for IGB Commercial REIT, in line with our listing on Bursa Malaysia Securities Berhad's Main Market. It is therefore, with great pleasure that we present IGB Commercial REIT's Sustainability Statement for the financial period ended 31 December 2021 (FPE2021), which covers the performance of 10 properties within our portfolio, namely Southpoint Properties, Gardens North Tower, Gardens South Tower, Centrepoint North, Centrepoint South, Menara IGB & IGB Annexe and Boulevard Properties which make up our Mid Valley City properties and GTower, Menara Tan & Tan and Hampshire Place Office, which make up our Golden Triangle properties.

Although IGB Commercial REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 20 September 2021, the reporting period covered in this report is from the date of IGB Commercial REIT's constitution on 31 March 2021 to 31 December 2021.

COMMITMENT TO ESG

The main focus for IGB Commercial REIT in FPE2021 was its people. We also continued supporting the government in its efforts to flatten the Covid-19 curve. Our priority was the health and safety of tenants, employees and the community. We reacted swiftly and decisively in implementing our business continuity plans whilst aligning with the government's directives.

To actively work on the goals, we are guided by four key result areas to embed ESG practices in the daily business operations, reflecting the commitment to sustainability for tenants, shareholders, and most importantly, employees. They are our dedication to upholding ethics and accountability in our journey of value creation.



Our dedication to sustainable operations is illustrated by balancing our economic goals with a sincere concern for the communities in which we operate in. We are convinced that focusing on sustainability improves our ability to manage our business effectively, competitively, and responsibly.

Sustainability Statement

(continued)

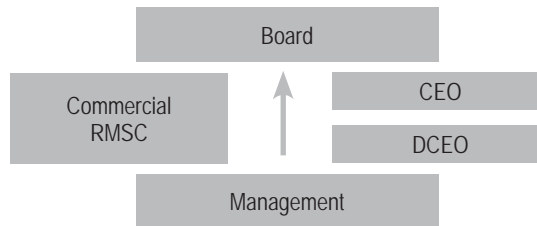
OUR ESG GOVERNANCE STRUCTURE

We have an established and committed governance structure that steers IGB Commercial REIT's sustainability strategy and allows for building transformative capacity and change.

The Board is ultimately responsible for the IGB Commercial REIT's sustainability strategy and performance. A Commercial Risk Management and Sustainability Committee (Commercial RMSC) has been set up, which works to ensure continued progress and improvement of IGB Commercial REIT's sustainability journey. The communication and implementation of key sustainability initiatives in the year are the responsibility of the management within each department and function.

The Board is kept regularly updated through the Commercial RMSC which provides updates and a review of sustainability policies and practices in place.

IGB Commercial REIT's Sustainability Governance Structure is as follows:



MATERIALITY PROCESS

Our materiality matrix maps out the material sustainability matters that are important to IGB Commercial REIT and our stakeholders. It helps us prioritise our resources to address the material matters and have an oversight on all other sustainability matters at the same time.

We acknowledge the synergetic relationships amongst our various stakeholders and the significance of having regular engagement with them. We have identified our stakeholders, along with their respective interest areas and engagement approaches. During the FPE2021, we maintained the quality of our interactions with stakeholders despite the circumstances surrounding Covid-19 by utilising various virtual communication channels.

The channels used to engage with our stakeholders are set out in Table 1 below.

Table 1: Summary of Stakeholder Feedback Channels

Business Partners	<ul style="list-style-type: none"> Annual report and Sustainability Statement. Regular dialogue and engagement through various corporate events held throughout the year as well as through meetings and discussion organised.
Government & Authorities	<ul style="list-style-type: none"> Regular communication and consultation with the government and authorities. Participation in industry associations, forums and dialogues. For example, Lembaga Penilai, Pentaksir, Ejen Harta Tanah dan Pengurus Harta (LPPEH).
Employees	<ul style="list-style-type: none"> Regular employee engagement, for example through employee satisfaction surveys, appraisals, training programmes and internal staff communication and newsletters, as well as team activities organised.
Investment Community	<ul style="list-style-type: none"> Regular engagement with the investment community through the Annual General Meeting, the Annual Report and Sustainability report, as well as announcements and circulars issued, amongst others.
Tenants	<ul style="list-style-type: none"> Feedback received from tenants through various feedback channels such as meetings and discussions and feedback and enquiry channels that are in place.

Sustainability Statement

(continued)

IGB Commercial REIT's Material Sustainability Matters, listed in no particular order, are set out below.

Table 2: List of Material Sustainability Matters

Material Sustainability Matters	Description & Impact
Supporting Communities	We are committed to contributing to a better society and ensuring that our business operations create positive impact on local communities.
Human Capital Management	We believe workplace diversity and inclusivity are entrenched in fair employment practices. Employees are key to the organisation's growth and progress. The Service Provider ensure employees are engaged, fairly remunerated and given opportunities to strengthen skills and competencies, so that they can contribute towards achieving the aims of the REIT.
Health & Safety	IGB Commercial REIT prioritises not only employee safety and accident prevention, but also the safety and health of tenants, suppliers, and the larger community. Apart from instituting health and safety measures, we maintain a safe and healthy work environment by constantly sanitising and disinfecting all common areas.
Energy Conservation	We endeavour to minimise any environmental impact from our businesses with effective energy management. This is done through internal controls and monitoring mechanisms that track and manage emissions from the consumption of energy. We ensure that our office and buildings are energy efficient.
Water Management	Though water is a variable and shared resource, effective water management is essential to business sustainability. Water conservation and data collection are part of our initiatives.
Waste Management	We look at the use and waste treatment that promotes the sustainable management of resources and energy that is safe for the environment. In managing costs while being environmentally conscious, we look at the recovery and reuse of resources as a contributing factor to decrease consumption of raw materials, reduce waste and improve energy efficiency, while contributing towards a greener environment.
Security	IGB Commercial REIT is responsible for ensuring the safety and security of its employees, tenants and the community by taking proactive measures and collaborating with enforcement agencies.

SAFEGUARDING THE ENVIRONMENT

IGB Commercial REIT's commitment towards promoting environmental sustainability focuses on enhancing a sustainable society and cultivating a green and safe corporate culture. We continue to take proactive measures in minimising environmental impact through efficient management of our operations in the areas of Greenhouse Gas emission (GHG), energy efficiency, responsible water and waste management.

Embracing Environment Sustainability Internally

We strongly believe that developing a culture of sustainability is the core of our operations. Fortunately for us, employees are equally enthusiastic about driving a workplace that has sustainability at heart.

Our ongoing paperless operations include digitalised scans of documents, such as contracts, asset records, budgets, and other vital documentations. All these materials are uploaded and saved on Google Drive, to be shared and worked on by relevant employees.

Where printing is required, we have set a default duplex printing rule which reduces approximately 10% of paper usage. Used paper and any collection of used materials from maintenance activities are segregated for recycling instead of disposing as normal waste.

In an effort to ensure we continue this traction, we regularly educate employees on the importance of environmental management and sustainability.

Encouraging Responsible Water Usage

Water is a key element in our everyday life. Despite its abundance in some areas, millions of people around the world are still facing water scarcity due to lack of infrastructure, uneven distribution and access, contamination and adverse weather conditions.

Rapid industrialisation, deforestation, unsustainable agricultural practices and fast-growing populations are putting pressure on companies to understand how water issues can destabilise, radically alter, or halt business performance. Despite having plenty of rainfall, Malaysia still encounters water shortages in some states for a certain period each year.

Water rationing and unscheduled interruptions over the recent years have adversely affected various industries and investors' confidence.

Although our business operations are located where water is in abundance, we are equally concerned about the recurring water crisis faced by the people in some areas. In responding to this issue, we are taking several initiatives to effectively and efficiently manage our water use as water resources is critical to our business sustainability and investments.

We aim to keep consumption to a minimum, reuse water and prevent water pollution. Efficient water management also translates to less energy which reduces carbon footprint and in turn lowers our operational cost.

Sustainability Statement

(continued)

During the year, we recorded a reduction in water consumption as listed below.

Table 3: Breakdown of Water Consumption (m³)

Buildings	2020 (m ³)	2021 (m ³)	% Change
Menara Tan & Tan	26,697	17,098	(30)
GTower	92,292	60,032	(29)
Hampshire Place Office	33,156	9,594	(65)
Gardens South Tower	19,539	26,317	47
Gardens North Tower	26,052	17,340	(27)
Southpoint Properties	39,718	30,569	(8)
Menara IGB & IGB Annexe	10,015	4,226	(44)
Centrepoint South	12,932	5,583	(42)
Centrepoint North	12,537	4,262	(55)

Notes:

The information for year 2020 is presented for comparison purpose as the buildings are still managed by the Sponsor.

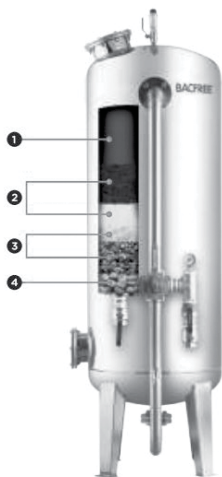
Year 2021 is provided from January to November 2021 except for Hampshire Place Office and Southpoint Properties (January to October 2021).

Percentage changes are calculated from the difference in average consumption.

During the year, we also completed several upgrades to our water system.

We readjusted water flow from 0.60MPa (Megapascal Pressure Unit) to 0.30MPa at all self-closing faucet in all common toilet hand basins in Menara Tan & Tan. Following this move, our water flow has reduced from 2.5 litre per minute to 1.9 litre per minute. In GTower, we adjusted the flushing systems in all toilets and urinals to optimise water usage.

We improved water quality with the installation of BACFREE water filtration system in Southpoint Properties, Centrepoint North and Centrepoint South.



MANAGING WASTE RESPONSIBLY

We continued the effort in managing waste in a responsible manner as part of our commitment and contribution towards the environment. This is also one of the key areas in which we create sustainability awareness among employees and to ensure the well-being of tenants, employees and the community at large.

During the year, we successfully collected close to 15,000 kilograms (kg) of recyclable materials. The breakdown is as listed below.

E-waste bins located in key locations within the properties to encourage tenants and employees to recycle electrical appliances and gadgets



Sustainability Statement

(continued)

Table 4: Breakdown of Recyclables

Building	Kilograms
Menara Tan & Tan	1,229.5
GTower	4,553.5
Southpoint Properties	2,404.0
Gardens South Tower	4,125.5
Gardens North Tower	1,658.2
Menara IGB & IGB Annexe	380.6
Centrepoint South	280.0
Centrepoint North	356.0

Energy Management and Efficiency

As one of our sustainability agendas and a pillar to our carbon emission reduction strategy, we continue to implement energy efficient initiatives to consistently achieve our energy reduction performance across the business operations. We monitor and track energy consumption and continued to install energy saving fixtures in an effort to reduce energy consumption in office buildings and our properties. This helps us achieve energy efficient goals and impact on overheads, cost, return on investment and the reduction of GHG emission.

During the year, we observed a general reduction in electricity consumption as listed below.

Table 5: Breakdown of Electricity Consumption (kWh)

Building	2020	2021	% Change
Menara Tan & Tan	2,905,528	2,311,126	(13)
GTower	7,514,346	5,943,090	(14)
Hampshire Place Office	2,090,859	1,941,069	1
Gardens South Tower	2,145,762	1,807,863	(8)
Gardens North Tower	1,988,801	1,661,920	(9)
Southpoint Properties	6,091,862	4,874,705	(13)
Menara IGB & IGB Annexe	1,207,359	869,384	(21)
Centrepoint South	1,120,050	642,602	(37)
Centrepoint North	742,363	564,925	(17)

Notes:

The information for year 2020 is presented for comparison purpose as the buildings are still managed by the Sponsor.

Data from 2021 is from January to November 2021.

Percentage change is calculated from the difference in average consumption.

Although we are pleased with the reduction in our energy usage, we remain driven to further reduce our impact to the environment.

To this end, we installed light-emitting diodes (LED) downlights in all elevators and lift lobbies on the Ground Floor, Mezzanine Floor, Carpark CP1 and CP2 in Menara Tan & Tan. This has resulted in savings of energy in running the elevators and lighting up the lift lobbies. We also retrofitted the existing water-cooled package unit cooling system to chilled water plant cooling system, which is expected to achieve savings in electricity consumption.

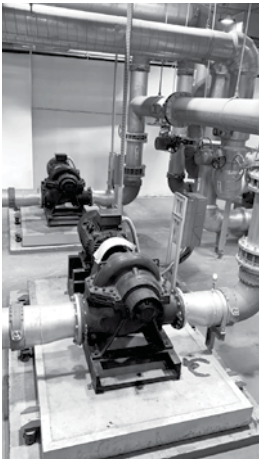


Retrofitting the current cooling system to a chilled water plant cooling system

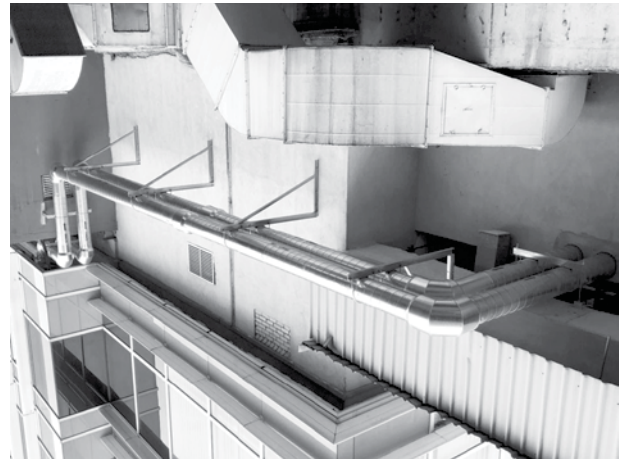
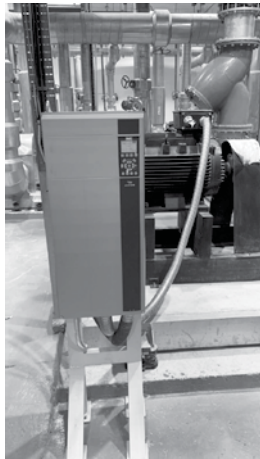
Sustainability Statement (continued)

We replaced all T5 fluorescent lamps (28W) with T8 LED lights (14.5W) at the carpark areas, resulting in savings of electricity in GTower. For Gardens North Tower and Gardens South Tower, we made a concerted effort to switch off lights at all vacant levels and to cut down the timeframe when the lights are switched on at the lobby and toilets by two hours daily. This has resulted in energy savings as well.

We installed inverters on condenser water pumps in Southpoint Properties for which we expect energy savings from variable speed operation based on load demand. At Menara IGB & IGB Annexe, we converted the air-cooled chiller system to district cooling system which will see savings of electricity consumption.



Inverters on Condenser Water Pumps



Conversion to district cooling system

We installed a circuit separation on ceiling cove lights and downlights for all tenant lift lobbies and staircase lightings. This has allowed us to switch off a portion of the downlights and the cove lights after office hours in Centrepoint North and Centrepoint South. Additionally, we have regulated the air conditioning air handling unit (AHU) fan motor speed to optimise air flow delivery to all air-conditioned spaces.

PROTECTING OUR STAKEHOLDER'S UNIVERSE

Social sustainability is a proactive way of managing and identifying business impact on our employees, employees in the value chain, tenants, and local communities. It involves a process of creating sustainable places that promote safe, secured and conducive environment whilst maintaining long-term partnerships across our stakeholders.

Prioritising Safety

The global pandemic has had and will continue to have a devastating impact around the world. IGB Commercial REIT remains focused on ensuring the safety and health of employees, tenants, suppliers and the larger community.

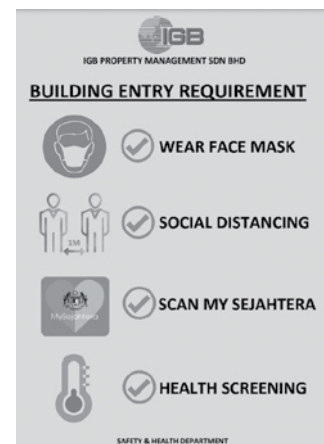
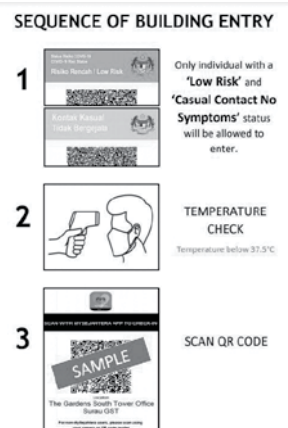
Apart from the Standard Operating Procedures (SOPs) listed by the government in preventing the spread of Covid-19, we have also established policies and procedures for our workplace and properties to ensure that we are doing as much as possible to support our stakeholders.

This includes ensuring regular sanitised workspaces, the provision of hand sanitisers and personal protection equipment such as face masks and face shields, and the adoption of Work-from-Home (WFH) practices.

We also regularly sanitised our buildings, cleaned and disinfected all common areas and amenities every two hours. On a weekly basis, we disinfected our premises using Ultraviolet (UV) misting machine and approved disinfectant solution. We also invested in antimicrobial treatments on commonly touched surfaces and installed hand sanitisers throughout the buildings.

Additionally, we increased our usage of UV light to sterilise high-risk areas, including installing air purifiers with UV light in all elevators, suraus and meeting rooms, and the installation of permanent high-performance UV light to purify the air in all Air Handling Units (AHU).

To maintain the safety of our tenants, we have enforced a set of Building Entry Requirements at entry points to our buildings. The list of requirements includes the usage of face mask, temperature screening, social distancing and scanning of MySejahtera. Only individuals with a low-risk status were allowed into our buildings.



Sustainability Statement

(continued)

Prioritising our People

The Manager and Service Provider are made up of highly skilled and experienced professionals. We are committed to growing the knowledge, expertise, and leadership skills of our people as the success of our business is intrinsically linked to their individual success and well-being. Our priority is on attracting and retaining quality employees who are dedicated to our values and who are able to play key roles in the success of IGB Commercial REIT.

With the onset of Covid-19, our business continuity plans were put into action to ensure the well-being and safety of our people. We split the workforce to ensure social distancing and provided IT support for our people to manage their work arrangements. We distributed masks and hand sanitisers, and enhanced health and sanitisation procedures at our offices and assets. We stepped up our communication to keep our people updated on the latest developments and safety measures.

Security

We have the responsibility of keeping our employees, tenants and the community safe by strengthening our security measures in light of the rising global security threats. It is even more critical that we put in place the best security measures within and surrounding our premises as our properties are located in highly populated locations.

The Service Provider continuously collaborates with enforcement officers to manage the safety of our stakeholders. Security standards are maintained in all assets with monitoring systems, physical controls, emergency and crisis management plans and administrative systems.

For additional safety, the Service Provider has increased the frequency of patrolling security personnel, introduced an escort service to carpark, and enhanced the verification and registration protocols for contractors for the safety of tenants. To ensure the security team remains up to par, the Service Provider organises various training and education sessions, so the security personnel are always prepared and equipped to face any issues that compromises the safety of tenants.

Supporting Communities

We recognise the importance in contributing towards the welfare of the community and continue to engage with the communities surrounding us to foster goodwill towards their well-being and social development. As a responsible citizen, we are conscious of our role in promoting social betterment of the community around us.



We supported the blood donation drive organised by KL HUB and Pusat Darah Negara (PDN), with 96 people participating and 61 successful donors.



Employees rolled up their sleeves to volunteer at the Covid-19 Retail Industry Vaccination Programme (RIVac) held at the Mid Valley Exhibition Centre (MVEC)

Sustainability Statement

(continued)

MAINTAINING A ROBUST CORPORATE GOVERNANCE

Corporate governance defines a company's commitment to values and ethical business conduct. Good corporate governance serves to align the incentives of all stakeholders and ultimately contributes towards sustainable growth.

At IGB Commercial REIT, corporate governance practices are more than just compliance. It is our corporate culture, encompassing values, attitude and behaviour that we embrace in all areas of conduct. We take a proactive approach in observing high standards of corporate conduct with good corporate governance policies and practices in ensuring the reputation of IGB Commercial REIT whilst maximising stakeholder value.

Our commitment to good corporate governance is reflected in the Directors Code of Business Conduct and Ethics (CODE). Its core concepts of conducting business and operations are premised on transparency, integrity and accountability. These are in compliance with the applicable laws and regulations, while adopting the highest standards of professionalism, integrity and ethics.

As part of the IGB Group, IGB Commercial REIT subscribes to both the IGB Group Anti-Bribery and Corruption Policy and the IGB Group Whistleblowing Policy. The adoption of these policies reflects our commitment in driving the culture of openness, transparency and accountability as well as adopting a zero-tolerance approach to these areas.

For a full view of our governance efforts, refer to the Corporate Governance Overview Statement which is on page 27 of the Annual Report.

THE YEAR AHEAD

The global crisis has indeed brought upon us new priorities, capabilities and outlooks. In navigating the changes, we will continue to be guided and fortified by a clear ESG strategy which focuses on value creation and sustainable growth.

Sustainability will continue to remain a core value of IGB Commercial REIT as we chart a new course in our transformation. We recognise that the value we deliver to our stakeholders must be sustainable. As such we will continue the integration of sustainability into our business strategies and operations.

The pursuit of sustainability will only be intensified as we reaffirm our commitment to grow IGB Commercial REIT. In our endeavour to deliver sustainable value to our stakeholders, we will be geared towards leveraging on collaborations, creative changes to business models, technology and digitalisation, while driven and guided by the values of integrity and sincerity. This will not only benefit our unitholders, but also allow us to become a part of the broader solution for sustainability.



FINANCIAL STATEMENTS

For the Financial Period from Date of Establishment on 31 March 2021 to 31 December 2021

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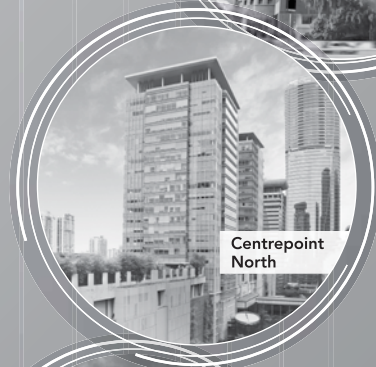
Southpoint
Offices & Retail



The Gardens
South Tower



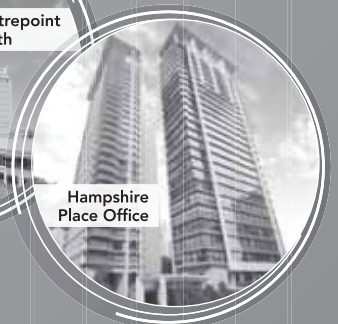
Menara
Tan & Tan



Centrepoint
North



Centrepoint
South



Hampshire
Place Office

Manager's Report

IGB REIT Management Sdn Bhd, the Manager for IGB Commercial Real Estate Investment Trust ("IGBCR" or "Fund"), is pleased to present its report together with the audited financial statements of IGBCR and its wholly-owned subsidiary, IGB Commercial REIT Capital Sdn Bhd ("Group") for the financial period from date of establishment on 31 March 2021 to 31 December 2021.

PRINCIPAL ACTIVITY OF THE MANAGER

The principal activity of the Manager is the management of real estate investment trust ("REIT"). There has been no significant change in the nature of this activity during the financial period.

THE FUND AND ITS INVESTMENT OBJECTIVE

IGBCR is a Malaysia-domiciled REIT established on 31 March 2021 pursuant to the deed of trust dated 31 March 2021, ("Deed") between the Manager and MTrustee Berhad ("Trustee").

IGBCR is listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 20 September 2021 and regulated by the Securities Commission Act 1993, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines"), the Listing Requirements of Bursa Securities, the Rules of Bursa Malaysia Depository ("Depository") and taxation laws and rulings. IGBCR will continue its operations until such time as determined by the Manager and the Trustee as provided under the provisions of Clause 27 of the Deed.

The principal investment policy of IGBCR is to invest, directly and indirectly, in a portfolio of income producing real estate used primarily for commercial purposes in Malaysia and overseas.

On 9 April 2021, IGBCR had entered into several Sales and Purchase Agreements ("SPA") to acquire 10 properties. Upon the completion of the SPA on 17 September 2021, IGBCR owns a portfolio of 10 properties, all located within the prime commercial areas in Kuala Lumpur, Malaysia.

DISTRIBUTION OF INCOME

IGBCR had declared distributions for the financial period ended 31 December 2021 of 1.147 sen per unit, which is payable on 25 February 2022.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial period are shown in the financial statements.

DIRECTORS

The Directors who have served on the Board of Directors of the Manager, since the date of the establishment and during the period from the end of the financial period to the date of the report are as follows:-

Tan Sri Dato' Prof. Lin See Yan
Dato' Seri Robert Tan Chung Meng
Halim bin Haji Din
Le Ching Tai @ Lee Chen Chong
Tan Lei Cheng
Elizabeth Tan Hui Ning
Tan Mei Sian
Tan Boon Lee
Robert Ang Kim Pack

DIRECTORS' BENEFITS

During and at the end of the financial period, no arrangement subsisted to which the Manager is a party, with the object or objects of enabling the Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of IGBCR or any other body corporate, other than as disclosed in Directors' interest.

For the financial period ended 31 December 2021, no Director has received or become entitled to receive a benefit (other than certain Directors received remuneration as a result of their employment with the Manager or related corporations).

Manager's Report

(continued)

DIRECTORS' INTEREST

The following Directors of the Manager who held office at the end of the financial period had, according to the register of unitholdings in IGBCR, interests in the units of IGBCR as follows:-

	Number of units			Balance at 31.12.2021
	Balance at 31.03.2021 (Date of establishment)	Addition	Disposal/ Transferred	
Dato' Seri Robert Tan Chung Meng				
Direct	-	5,330,424	-	5,330,424
Indirect	-	1,470,601,793	-	1,470,601,793
Tan Lei Cheng				
Direct	-	21,266,680	-	21,266,680
Elizabeth Tan Hui Ning				
Direct	-	500,000	-	500,000
Tan Boon Lee				
Direct	-	14,464,100	-	14,464,100
Tan Mei Sian				
Direct	-	1,291,140	-	1,291,140

Other than as disclosed above, the other Directors who held office at the end of the financial period did not have interests in the units of IGBCR.

OTHER INFORMATION

Before the financial statements of the Group and of the Fund were prepared, the Manager took reasonable steps:-

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Fund had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Manager is not aware of any circumstances:-

- which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Fund inadequate to any substantial extent;
- which would render the values attributed to current assets in the financial statements of the Group and of the Fund misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial period which, in the opinion of the Manager, will or may affect the ability of the Group or of the Fund to meet its obligations when they fall due.

At the date of this report, there does not exist:-

- any charge on the assets of the Group or of the Fund which has arisen since the end of the financial period which secures the liability of any other person; or
- any contingent liability of the Group or of the Fund which has arisen since the end of the financial period.

Manager's Report

(continued)

OTHER INFORMATION (continued)

At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Manager:-

- (a) the results of the operations of the Group and of the Fund during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Fund for the financial period in which this report is made.

MATERIAL LITIGATION

The Manager is not aware of any pending material litigation as at the date of statement of financial position and up to the date of this report.

SOFT COMMISSION

There was no soft commission received by the Manager and/or its delegates during the financial period.

HOLDING COMPANY

The Manager regards IGB Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Securities, as the ultimate holding company.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors of the Manager in accordance with a resolution of the Directors of the Manager dated 22 February 2022.

DATO' SERI ROBERT TAN CHUNG MENG
MANAGING DIRECTOR

TAN SRI DATO' PROF. LIN SEE YAN
DIRECTOR

Statement by the Manager

In the opinion of the Directors of the Manager, the financial statements are drawn up in accordance with the provisions of the Deed, the REIT Guidelines, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2021 and of their financial performance and cash flows for the financial period from the date of establishment on 31 March 2021 to 31 December 2021.

Signed on behalf of the Board of Directors of the Manager in accordance with a resolution of the Directors of the Manager dated 22 February 2022.

DATO' SERI ROBERT TAN CHUNG MENG
MANAGING DIRECTOR

TAN SRI DATO' PROF. LIN SEE YAN
DIRECTOR

Statutory Declaration

I, Chai Lai Sim, the Chief Financial Officer of the Manager primarily responsible for the financial management of the Group and of the Fund, do solemnly and sincerely declare that the financial statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHAI LAI SIM
(MIA NO. 5127)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 22 February 2022.

Before me:

NATALIE OOI WAN QING
(NO. PJS: W888)
COMMISSIONER FOR OATHS

Trustee's Report

to the Unitholders of IGB Commercial Real Estate Investment Trust (Established in Malaysia)

We have acted as Trustee of IGBCR for the financial period from the date of establishment on 31 March 2021 to 31 December 2021. In our opinion and to the best of our knowledge, the Manager has managed IGBCR in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the REIT Guidelines, applicable securities laws and other applicable laws during the financial period then ended.

We have ensured the procedures and processes employed by the Manager to value and price the units of IGBCR are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements.

We also confirm the income distributions declared during the financial period ended 31 December 2021 are in line with and are reflective of the objectives of IGBCR. Income distributions have been declared for the financial period from date of establishment on 31 March 2021 to 31 December 2021 as follows:-

1.147 sen per unit for the financial period from 31 March 2021 to 31 December 2021, which is payable on 25 February 2022.

For and on behalf of the Trustee,
MTRUSTEE BERHAD

NURIZAN BINTI JALIL
CHIEF EXECUTIVE OFFICER

Selangor,
Date: 22 February 2022

Independent Auditors' Report

to the Unitholders of IGB Commercial Real Estate Investment Trust (Established in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of IGB Commercial Real Estate Investment Trust ("the Fund") and its subsidiary ("the Group") give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2021, and of their financial performance and their cash flows for the financial period from 31 March 2021 (date of establishment) to 31 December 2021 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Group and of the Fund, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Fund, and the statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 104.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Fund. In particular, we considered where the Directors of the Manager made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Fund, the accounting processes and controls, and the industry in which the Group and the Fund operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Fund for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>1) <u>Fair value of investment properties</u></p> <p>As at 31 December 2021, the Group's and the Fund's investment properties, carried at fair value, amounted to RM3.161 billion.</p> <p>The fair value of the Group's and the Fund's investment properties was carried out by an external valuer.</p> <p>We focused on this area due to the magnitude of the balance and the complexities in determining the fair value of the investment properties, which involves significant judgement and estimations.</p>	<p>We evaluated the competence of the external valuer which included consideration of their qualifications, expertise and objectivity.</p> <p>We met with external valuer to discuss the methodology and assumptions used in the valuation, taking into account the current market outlook due to the impact of COVID-19 and changes in office trend.</p> <p>We performed testing on the rental rates and rental periods used in the valuation, on a sample basis, to satisfy ourselves of the accuracy and completeness of the property information supplied to the external valuer by management. This included agreeing a sample of these data back to the underlying lease agreements.</p>

Independent Auditors' Report

to the Unitholders of IGB Commercial Real Estate Investment Trust (Established in Malaysia)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>1) <u>Fair value of investment properties</u> (continued)</p> <p>The existence of significant judgement and estimation uncertainty could result in material misstatement, which is why we have given special audit focus and attention to this area.</p> <p><i>Refer to Note 3(b) (Summary of Significant Accounting Policies – Investment Properties), Note 4 (Critical Accounting Estimates and Judgements) and Note 5 (Investment Properties).</i></p>	<p>We tested the significant inputs underpinning the valuation, such as term and reversionary rental, car park income, other income and outgoing expenses, by agreeing them to the underlying lease data and comparing to historical trends. We also assessed the reasonableness of the capitalisation rates and allowance for void used by the valuer, with references to comparable real estate investment trusts. We discussed with and challenged the valuer on certain input and estimates with the involvement of auditors' experts.</p> <p>We reviewed the disclosure of sensitivity analysis on the capitalisation rates on term and reversionary periods, the outgoings and the allowance for void, and the appropriateness of assumptions and estimates disclosed in the financial statements.</p> <p>Based on the above procedures performed, we did not identify any material exceptions.</p>
<p>2) <u>Significant transactions during the financial period</u></p> <p>The Group and the Fund have completed its acquisition of 10 investment properties from IGB Berhad's subsidiaries and a joint venture ("Subject Properties") on 17 September 2021 by way of issuance of units, Medium Term Notes ("MTN") and drawdown of Revolving Credit ("RC") facility for a total consideration of RM3.16 billion.</p> <p>i. <u>Issuance of units</u></p> <ul style="list-style-type: none"> • On 17 September 2021, the Fund has issued 2,307,300,000 units to part finance the purchase of Subject Properties. • The units have been initially measured at its fair value of RM2.31 billion less transaction costs of RM4.88 million that are directly attributable to the issuance of the units. <p>ii. <u>Issuance of MTN and drawdown of RC</u></p> <ul style="list-style-type: none"> • On 17 September 2021, the Fund, via its wholly owned subsidiary, IGB Commercial REIT Capital Sdn Bhd, issued the first tranche of MTN amounting to RM850 million to part finance the purchase of Subject Properties. • The MTN has been initially measured at its fair value of RM850 million less transaction costs of RM2.97 million that are directly attributable to the issuance of the MTN. • The remaining RM3.2 million is funded by the drawdown from RC facility obtained by the Fund on 15 September 2021, which has been initially measured at its fair value less transaction costs of RM0.45 million that are directly attributable to the RC facility. 	<p>We reviewed sales and purchase agreements and valuation reports of the Subject Properties to determine the cost of acquisition.</p> <p>We reviewed managements basis of recognition and measurement for the:</p> <ul style="list-style-type: none"> • issuance of the Fund's units as non-cash consideration for the acquisition of the Subject Properties; • issuance of MTN and RC and subsequent amortisation of interest and directly attributable transaction costs; • treatment of transaction costs. <p>We reviewed the disclosures in the financial statements.</p> <p>Based on the above procedures performed, we did not identify any material exceptions.</p>

Independent Auditors' Report

to the Unitholders of IGB Commercial Real Estate Investment Trust (Established in Malaysia)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>2) <u>Significant transactions during the financial period</u> (continued)</p> <p>Our audit focused on this area due to the significance of the transactions to the Group and the Fund.</p> <p><i>Refer to Note 3(h) (Summary of Significant Accounting Policies – Unitholders' capital), Note 3(i) (Summary of Significant Accounting Policies - Borrowings), Note 9 (Unitholders' capital) and Note 10 (Borrowings).</i></p>	

Information other than the financial statements and auditors' report thereon

The Directors of the Manager are responsible for the other information. The other information comprises all other information contained within the 2021 Annual Report but does not include the financial statements of the Group and of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Fund or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Manager for the financial statements

The Directors of the Manager are responsible for the preparation of the financial statements of the Group and of the Fund that give a true and fair view in accordance with the provisions of the Deed of Trust dated 31 March 2021, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors of the Manager are also responsible for such internal control as the Directors of the Manager determine is necessary to enable the preparation of financial statements of the Group and of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Fund, the Directors of the Manager are responsible for assessing the Group's and the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Manager either intend to liquidate the Group or the Fund or to terminate the Fund, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report

to the Unitholders of IGB Commercial Real Estate Investment Trust (Established in Malaysia)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Fund's internal controls.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Manager.
- (d) Conclude on the appropriateness of the Directors of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Fund, including the disclosures, and whether the financial statements of the Group and of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Fund for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the unitholders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

GAN WEE FONG
03253/01/2023 J
Chartered Accountant

Kuala Lumpur
22 February 2022

Statements of Financial Position

As at 31 December 2021

	Note	Group 2021 RM'000	Fund 2021 RM'000
Non-current assets			
Investment properties	5	3,161,000	3,161,000
Investment in subsidiary	6	-	-*
Trade and other receivables	7	16	17,185
Cash and bank balances	8	15,887	-
Total non-current assets		3,176,903	3,178,185
Current assets			
Trade and other receivables	7	4,847	4,847
Cash and bank balances	8	93,454	93,346
Total current assets		98,301	98,193
Total assets		3,275,204	3,276,378
Financed by			
Unitholders' fund			
Unitholders' capital	9	2,303,017	2,303,017
Accumulated losses		(4,472)	(4,472)
Total unitholders' fund		2,298,545	2,298,545
Non-current liabilities			
Borrowings	10	847,196	-
Trade and other payables	11	-	847,196
Total non-current liabilities		847,196	847,196
Current liabilities			
Borrowings	10	4,235	2,911
Trade and other payables	11	125,228	127,726
Total current liabilities		129,463	130,637
Total liabilities		976,659	977,833
Total unitholders' fund and liabilities		3,275,204	3,276,378
Net asset value ("NAV")			
- before income distribution		2,325,028	2,325,028
- after income distribution		2,298,545	2,298,545
Number of units in circulation ('000 units)	9	2,308,198	2,308,198
NAV per unit (RM)			
- before income distribution		1.0073	1.0073
- after income distribution		0.9958	0.9958

* Denotes RM2 share capital in IGB Commercial REIT Capital Sdn Bhd

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the Financial Period from Date of Establishment on 31 March 2021 to 31 December 2021

		Group and Fund
		2021
	Note	RM'000
Lease revenue		34,804
Revenue from contracts with customers		18,563
Revenue	12	<u>53,367</u>
Utilities expenses		(4,829)
Maintenance expenses		(4,544)
Quit rent and assessment		(4,083)
Reimbursement costs	13	(3,316)
Property operating expenses		<u>(16,772)</u>
Net property income		36,595
Interest income		235
Changes in fair value of investment properties		500
Net investment income		<u>37,330</u>
Manager's management fees	14	(4,669)
Trustees' fees		(135)
Valuation fees		(245)
Other trust expenses		(739)
Finance costs	15	(9,531)
		<u>(15,319)</u>
Profit before taxation		22,011
Taxation	16	-
Profit after taxation		<u>22,011</u>
Other comprehensive income, net of tax		-
Total comprehensive income attributable to unitholders		<u>22,011</u>
Total comprehensive income is made up as follows:-		
Realised		21,511
Unrealised		500
		<u>22,011</u>
Basic earnings per unit (sen)	17	0.95
Diluted earnings per unit (sen)	17	<u>0.95</u>
Total comprehensive income		22,011
Distribution adjustments	18	4,472
Distributable income		<u>26,483</u>
Distribution per unit (sen)	18	<u>1.147</u>

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Net Asset Value

For the Financial Period from Date of Establishment on 31 March 2021 to 31 December 2021

	Note	Unitholders' capital RM'000	Accumulated losses RM'000	Total unitholders' funds RM'000
Group and Fund				
As at 31 March 2021				
Profit after tax/Total comprehensive income for the period attributable to unitholders		-	22,011	22,011
Distribution to unitholders	18	-	(26,483)	(26,483)
Net total comprehensive loss for the period attributable to unitholders		-	(4,472)	(4,472)
Unitholders' transactions				
Issue of new Units		2,307,300	-	2,307,300
Transactions costs		(4,875)	-	(4,875)
Manager's management fees paid in Units	9	592	-	592
Increase in net assets resulting from unitholders' transactions		2,303,017	-	2,303,017
As at 31 December 2021		2,303,017	(4,472)	2,298,545

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the Financial Period from Date of Establishment on 31 March 2021 to 31 December 2021

	Group	Fund
	2021	2021
Note	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	22,011	22,011
<i>Adjustments for:-</i>		
Manager's management fee payable in Units	4,669	4,669
Fair value gain on investment properties	(500)	(500)
Finance costs	9,531	9,531
Interest income	(235)	(235)
Operating income before changes in working capital	35,476	35,476
Net change in trade and other receivables	(4,683)	(4,683)
Net change in trade and other payables	86,333	87,507
Net cash generated from operating activities	117,126	118,300
Cash flows from investing activities		
Acquisition of investment properties*	(853,200)	(853,200)
Interest received	56	56
Advance to subsidiary company	-	(17,169)
Movement in pledged deposit	(15,887)	-
Net cash used in investing activities	(869,031)	(870,313)
Cash flows from financing activities		
Drawdown of borrowings	853,200	3,200
Interest paid	(7,841)	(7,841)
Borrowings from subsidiary company	-	850,000
Net cash generated from financing activities	845,359	845,359
Net increase in cash and cash equivalents	93,454	93,346
Cash and cash equivalents at the date of establishment	-	-
Cash and cash equivalents at end of the period	93,454	93,346
8		
* Non-cash transactions reconciliation:-		
Cash consideration	853,200	853,200
Non-cash consideration - issuance of new Units	2,307,300	2,307,300
Acquisition of investment properties	3,160,500	3,160,500

Details of the reconciliation of liabilities arising from financing activities are disclosed in Note 8.

Notes to the Financial Statements

1 GENERAL

(A) Background

IGB Commercial Real Estate Investment Trust ("IGBCR" or "Fund") is a Malaysia-domiciled real estate investment trust established on 31 March 2021 pursuant to the deed of trust dated 31 March 2021 ("Deed") between the Manager and MTrustee Berhad ("Trustee").

IGBCR is listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") since 20 September 2021 and regulated by the Securities Commission Act 1993, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines"), the Listing Requirements of Bursa Securities, the Rules of Bursa Malaysia Depository ("Depository") and taxation laws and rulings. IGBCR will continue its operations until such time as determined by the Manager and the Trustee as provided under the provisions of Clause 27 of the Deed. The addresses of the Manager's registered office and principal place of business are as follows:-

Registered office

Level 32, The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Principal place of business

Menara IGB & IGB Annexe ("MIGB"), Centrepoint South ("CPS"), Centrepoint North ("CPN"), Gardens South Tower ("GST"), Gardens North Tower ("GNT"), Southpoint Properties ("MSP")
and Boulevard Properties ("BP")
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Menara Tan & Tan ("MTT"), GTower ("GT") and Hampshire Place Office ("HPO")
Jalan Tun Razak
50450 Kuala Lumpur

The principal investment policy of IGBCR is to invest, directly and indirectly, in a portfolio of income producing real estate used primarily for commercial purposes in Malaysia and overseas.

On 9 April 2021, IGBCR had entered into several Sales and Purchase Agreements ("SPA") to acquire the 10 properties stated above. The acquisitions were completed on 17 September 2021.

The principal activity of the subsidiary, incorporated in Malaysia, is disclosed in Note 6 to the financial statements.

The consolidated financial statements comprise the Fund and its subsidiary ("Group").

The Manager's key objective is to provide unitholders with regular and stable distributions, sustainable long term IGBCR's units ("Unit") price and distributable income and capital growth, while maintaining an appropriate capital structure.

The Manager regards IGB Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Securities, as the ultimate holding company.

The financial statements for the financial period ended 31 December 2021 were authorised for issue in accordance with a resolution by the Directors of the Manager on 22 February 2022.

(B) Fee Structure

IGBCR has entered into service agreements in relation to the management of IGBCR and its property operations. The fee structures are as follows:-

(a) Property management fees

The property manager, Chartwell ITAC International Sdn Bhd, is entitled to property management fee of RM10,000 per month (excluding service tax). In addition, the property manager is also entitled to full disbursement of costs and expenses properly incurred in the operation, maintenance, management and marketing of the properties held by IGBCR ("Permitted Expenses") as well as fees and reimbursements for Permitted Expenses payable to its service providers.

Notes to the Financial Statements

(continued)

1 GENERAL (continued)

(B) Fee Structure (continued)

(b) Manager's management fees

Pursuant to the Deed, the Manager is entitled to receive the following fees from IGBCR, in the forms of cash, new Units or a combination thereof at the election of the Management Company in its sole discretion:-

- i) a base fee ("Base Fee") of up to 1.0% per annum of the total asset value of IGBCR (excluding cash and bank balances which are held in non-interest bearing accounts).
- ii) a performance fee ("Performance Fee") of up to 5.0% per annum of net property income in the relevant financial year.
- iii) an acquisition fee of 1.0% of the transaction value (being total purchase consideration) of any real estate and real estate-related assets directly or indirectly acquired from time to time by the Trustee or one or more special purpose vehicle ("SPV") on behalf of IGBCR pro-rated, if applicable, to the proportion of IGBCR's interest.

In the case of acquisition of SPVs or holding entities which holds real estate, 1.0% of the underlying value (as determined by an independent valuer appointed by the Trustee) of any Real Estate (which are directly or indirectly held through one or more SPVs of IGBCR) pro-rated, if applicable, to the proportion of IGBCR's interest.

Any payment to third party agents or brokers in connection with the acquisition of any real estate and real estate-related assets for IGBCR shall not be paid by the Manager out of the acquisition fee received or to be received by the Manager (but shall be borne by IGBCR).

For the avoidance of doubt, no acquisition fee is payable with respect to acquisition of the subject properties in connection with the listing of IGBCR but acquisition fee is payable with respect to all other transactions (which includes related party and non-related party transactions), including acquisitions from the sponsor.

- iv) a divestment fee of 0.5% of the transaction value (being total sale consideration) of any real estate and real estate-related assets directly or indirectly sold or divested from time to time by the Trustee or one or more SPVs on behalf of IGBCR pro-rated, if applicable, to the proportion of IGBCR's interest.

In the case of divestment of SPVs or holding entities which holds real estate, 0.5% of the underlying value (as determined by an independent valuer appointed by the Trustee) of any real estate (which are directly or indirectly held through one or more SPVs of IGBCR) pro-rated, if applicable, to the proportion of IGBCR's interest.

Any payment to third party agents or brokers in connection with the sale or divestment of any real estate and real estate-related assets for IGBCR shall not be paid by the Manager out of the divestment fee received or to be received by the Manager (but shall be borne by IGBCR).

For the avoidance of doubt, the divestment fee is payable with respect to all transactions (which includes related party and non-related party transactions), including divestments to the sponsor, as well as for compulsory acquisitions.

The payment of the Manager's management fee in the form of new Units will be in accordance with the following formula:-

$$\text{New Units to be issued as payment of the Manager's management fee} = \frac{\text{Manager's management fee payable in Units}}{\text{Market Price}}$$

For this purpose, "Market Price" means the volume weighted average market price of the Units for the last 5 market days preceding the following events:-

- (i) in respect of the Base Fee and Performance Fee, the announcement of the relevant quarterly financial reports; or
- (ii) in respect of the acquisition fee and divestment fee, the completion of the relevant acquisition/divestment, (each a "Trigger Event").

Notes to the Financial Statements

(continued)

1 GENERAL (continued)

(B) Fee Structure (continued)

(b) Manager's management fees (continued)

With reference to any book closing date, where the Trigger Event is before but the issuance of the new Units relating to such Trigger Event is after the said book closing date, the Market Price will be further adjusted for the entitlement relating to such book closing date.

The Manager will make an immediate announcement to Bursa Securities disclosing the number of new Units to be issued and the issue price of the new Units when new Units are issued as payment for management fee. Payment of the management fees in Units shall also be subject to IGBCR complying with the public spread requirements stated in the Listing Requirements of Bursa Securities and there being no adverse implications under Malaysian Code on Take-Overs and Mergers 2016.

During the financial year, the Manager received a base fee of 0.3% per annum of the total asset value of IGBCR (excluding cash and bank balances which are held in non-interest bearing accounts) and a performance fee of 5.0% per annum of net property income.

(c) Trustee's fees

In accordance to the Deed, an annual trustee fee of up to 0.03% per annum of NAV of IGBCR is to be paid to Trustee.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Fund have been prepared in accordance with the provisions of the Deed, the REIT Guidelines, applicable securities laws, Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors of the Manager to exercise their judgement in the process of applying accounting policies. Although these estimates and judgement are based on the Directors of the Manager's best knowledge of current events and actions, actual results could differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(b) Amendments to published standards that are effective

The Group and the Fund have applied the following amendments for the first time for the financial period beginning on 31 March 2021:-

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform—Phase 2'

There was no impact from the adoption of Interest Rate Benchmark Reform—Phase 2 amendments during the financial period as there were no changes or modification to the contractual cash flows of the KLIBOR-linked contracts.

(c) Standards and amendments that have been issued but not yet effective

The new standards and amendments to standards and interpretations that are effective for financial year beginning after 1 January 2022 and are applicable to the Group and the Fund are as follows:-

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarify that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Notes to the Financial Statements

(continued)

2 BASIS OF PREPARATION (continued)

(c) Standards and amendments that have been issued but not yet effective (continued)

The new standards and amendments to standards and interpretations that are effective for financial year beginning after 1 January 2022 and are applicable to the Group and the Fund are as follows:- (continued)

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.

The amendments provide an exception for the recognition of liabilities and contingent liabilities in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies'. Contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

- Amendments to MFRS 137 'onerous contracts - cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. Prior to recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

The amendments shall be applied retrospectively.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least twelve (12) months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A liability is classified as non-current if a covenant is breached after the reporting date.

The amendments shall be applied retrospectively.

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

The Group and the Fund will continue to assess the potential impact, if any, of new standards and amendments on the financial statements and expect the assessment to be completed prior to effective date of such standards and amendments.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements. The financial statements consist of statements of comprehensive income, statements of financial positions, statements of changes in net asset value, statements of cash flows and notes to the financial statements. Other information as required by the REIT Guidelines are presented and clearly distinguished in the financial statements.

(a) Consolidation

(i) Subsidiary

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. It is deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Notes to the Financial Statements

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

(i) Subsidiary (continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and fair value of previous equity interest measured is less than the fair value of the identifiable net assets of the acquiree, the difference is recognised directly in the statement of comprehensive income.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in the statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 "Financial Instruments" in the statement of comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Investment in subsidiary

In the Fund's separate financial statements, investment in subsidiary is carried at cost less accumulated impairment losses. On disposal of investment in subsidiary, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the statement of comprehensive income.

The amounts due from subsidiary of which the Fund does not expect repayment in the foreseeable future are considered as part of the Fund's investment in the subsidiary.

(b) Investment properties

Investment properties are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group and the Fund.

Investment properties are measured initially at cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment properties are carried at fair value. Fair value is based on valuation using an income approach, where cash flows projections are capitalised using a capitalisation rate and takes into account the unexpired period, yield and outgoings, where applicable. Valuations are performed as of the financial position date by registered valuers who hold recognised and relevant professional qualifications and have relevant experience in valuing the investment properties.

The fair value of investment properties reflects, among others, rental income from current leases and other assumptions that market participants would make when pricing the investment properties under current market conditions.

Subsequent expenditure is recognised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the Fund, and the cost of the item can be measured reliably. All other repair, maintenance and upgrade costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Notes to the Financial Statements

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Investment properties (continued)

Changes in fair value are recognised in the statement of comprehensive income. Investment properties are derecognised either when they have been disposed or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group and the Fund dispose of an investment property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income as a net gain or loss from fair value adjustment on such investment property.

Right-of-use assets that meet the definition of investment property

Right-of-use assets that meet the definition of investment property in accordance with MFRS 140 is presented in the statement of financial position as investment property. Subsequent measurement of the right-of-use asset is consistent with those investment properties owned by the Group and the Fund.

(c) Financial assets

(i) Classification

The Group and the Fund classify financial assets at amortised cost. The classification depends on the Group and the Fund business model for managing the financial assets and the contracted terms of the cash flows.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Fund commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Fund have transferred substantially all the risks and rewards of ownership.

(iii) Initial measurement

At initial recognition, the Group and the Fund measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

(iv) Subsequent measurement – gain or loss

Subsequent measurement of financial asset depends on the Group's and the Fund's business model for managing the asset and the cash flow characteristics of the asset.

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising from derecognition is recognised directly in the statement of comprehensive income and presented in other gain or loss together with foreign exchange gain and loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

(v) Subsequent measurement – Impairment

The Group and the Fund assess on a forward looking basis the expected credit loss ("ECL") associated with financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Trade and other receivables are subject to the ECL model.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9 "Financial Instruments", the impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Fund expect to receive, over the remaining life of the financial instrument.

Notes to the Financial Statements

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial assets (continued)

(v) Subsequent measurement – Impairment (continued)

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Simplified approach for trade receivables

The Group and the Fund apply the MFRS 9 “Financial Instruments” simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Note 22.1(b) sets out measurement details of ECL.

General 3-stage approach for other receivables, deposits and non-trade intercompany balances

The Group and the Fund measure ECL through loss allowance at an amount equal to twelve (12) month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 22.1(b) sets out measurement details of ECL.

Significant increase in credit risk

The Group and the Fund consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Fund compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Fund take into account the available, reasonable and supportable forward-looking information in the measurement of ECL.

The following indicators are incorporated:-

- internal credit rating and/or external credit rating (if available);
- actual or expected significant changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; or
- significant changes in the expected credit performance and payment behaviour of the debtor, including changes in the payment status of debtor in the group.

Definition of default and credit-impaired financial assets

The Group and the Fund define a financial instrument as default, which is aligned with the definition of credit-impaired, when the financial asset meets one or more of the following criteria:-

Quantitative criteria

The Group and the Fund define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days when fall due and/or when legal action is taken against the counterparty.

Qualitative criteria

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in a financial difficulty or it is becoming probable that the debtor will enter bankruptcy, financial restructuring or will become insolvent.

Financial instruments that are credit-impaired were assessed on individual basis.

Notes to the Financial Statements

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial assets (continued)

(v) Subsequent measurement – Impairment (continued)

Write-off – trade receivables and intercompany balances

Trade receivables and intercompany balances are written off when there is no reasonable expectation of recovery. Indicators of no reasonable expectation of recovery include, amongst others, failure of a debtor to engage in a repayment or settlement plan with the Group and the Fund, and/or legal action is taken against the debtor.

Impairment losses on trade receivables and intercompany balances are presented as net impairment losses within the net property income. Subsequent recoveries of amounts previously written off are credited within the net property income.

Write-off – other receivables, deposits and non-trade intercompany balance

The Group and the Fund write off financial assets, in whole or in part, when they have exhausted all practical recovery efforts and have concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(d) Offsetting financial instruments

Financial assets and liabilities can be offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(e) Trade and other receivables

Trade receivables are amounts due from customers and tenants for services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and the Fund. If collection is expected in one (1) year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less impairment allowance.

(f) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, vendors or contractors. Trade payables are classified as current liabilities if payment is due within one (1) year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Deposits received from tenants are classified as current liabilities.

Trade payables, deposits received from tenants and other payables are recognised initially at fair value, net of transaction costs incurred, which include transfer taxes and duties, if applicable, and subsequently measured at amortised cost using the effective interest method.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, deposits held at call with licensed financial institutions, other short term and highly liquid investments with original maturities of three (3) months or less, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts, if any, are included within borrowings in current liabilities in the statement of financial position.

Notes to the Financial Statements

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Unitholders' capital

Unitholders' contributions are classified as equity when there is no obligation to transfer cash or other assets, nor they are redeemable at the unitholders' option. Any consideration received or distributions paid is added or deducted directly from equity. Incremental external costs directly attributable to the issue of new Units are shown in equity as a deduction, net of tax, from the proceeds.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Group and the Fund have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Borrowings costs directly attributable to the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in statement of comprehensive income in the period in which they are incurred.

Fees paid on the establishment of borrowings are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the borrowings will be issued. In this case, the fees are deferred until the issuance occurs. To the extent there is no evidence that it is probable that some or all of the borrowings will be issued, the fees are capitalised as a prepayment for liquidity and amortised over the period of the borrowings.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to other party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

Borrowings subject to IBOR reform

When the basis to determine the future contractual cash flows of the borrowings are modified entirely as a result of IBOR reform, the Group and the Fund apply the reliefs provided by the Phase 2 amendments related to IBOR reform to adjust the effective interest rate of the borrowings with no modification gain or loss is recognised.

In situations where some or all of a change in the basis for determining the contractual cash flows of the borrowings does not meet the criteria of the Phase 2 amendments, the Group and the Fund first apply the practical expedient to the changes required by IBOR reform, including updating the effective interest rate of the borrowings. Any additional changes are accounted for as modification of borrowings in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain /loss recognised immediately in profit or loss where the borrowings are not derecognised).

(j) Revenue/income recognition

Lease revenue

Rental income is recognised in accordance with the accounting policy set out in Note 3(m)(b).

Revenue from contracts with customers

Revenue which represents income from the Group's and the Fund's principal activities within the ordinary course of business and is recognised by reference to each distinct performance obligation in the contract with customer when or as the Group and the Fund transfer the control of the goods or services in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the goods or services may transfer over time or at a point in time.

Notes to the Financial Statements

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Revenue/income recognition (continued)

Revenue from contracts with customers (continued)

A contract with customer exists when the contract has commercial substance, the Group and the Fund, and their customer have approved the contract and intend to perform their respective obligations, the Group's and the Fund's, and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Fund, will collect the consideration to which they will be entitled to in exchange of such goods or services.

Specific revenue recognition criteria for each of the Group's and the Fund's principal business activities are as described below:-

(i) Service charge

Service charge, a non-lease component included in the tenancy agreements, is recognised upon services being rendered to the tenants over the lease term. Revenue is measured at the transaction price based on allocated transaction price. The accounting policy on separating lease and non-lease components is set out in Note 3(m)(b).

(ii) Car park income

Car park income is recognised upon collection for daily parking and over time when services are delivered for season parking. The rate for season parking is included in the tenancy agreement.

(iii) Utilities recoveries

Recoveries from utilities are measured at the transaction price recognised upon supply, distribution and billing of utilities to the customer and the customer receives and consumes the utilities. The rate for utilities recoveries is included in the tenancy agreement.

(iv) Other income

Other income is recognised upon services being rendered.

Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the statement of comprehensive income as part of interest income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(k) Manager's management fees

Manager's management fees are recognised in statement of comprehensive income in the period in which they are incurred. If, the payment of the Manager's management fees is in the form of new Units, such payment is determined by reference to the market price of the Units as set out in Note 1(B)(b).

(l) Income tax

Tax is recognised in statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3(b), the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Notes to the Financial Statements

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Leases

(a) Accounting by lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use (i.e. the commencement date).

Contracts may contain both lease and non-lease components. Consideration in the contract is allocated to the lease and non-lease components based on their relative standalone prices.

Lease term

In determining the lease term, facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option are considered. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The lease term is reassessed upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Fund and affect whether the Group and the Fund are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Fund are reasonably certain to exercise a purchase option, the ROU assets are depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase options if it is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Fund exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Fund, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs.

Lease liabilities are presented as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

Notes to the Financial Statements

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Leases (continued)

(a) Accounting by lessee (continued)

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of twelve (12) months or less. Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income.

(b) Accounting by lessor

As a lessor, the Group and the Fund determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Fund make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Fund consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

Operating leases

The Group and the Fund classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Fund recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the lessor's statement of financial position based on the nature of the asset.

Rental income on operating leases is recognised over the term of the lease on a straight-line basis. Rental income includes base rent, percentage rent and other rent related income from tenants. Base rent is recognised on a straight-line basis over the lease term. Percentage rent is recognised based on sales reported by tenants. When the Group and the Fund provide incentives to the tenants, the cost of incentives is capitalised as deferred lease incentive and is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Initial direct cost incurred by the Group and the Fund in negotiating and arranging an operating lease is recognised as an asset and amortised over the lease term on the same basis as the rental income.

The Group and the Fund offer rental rebates, which are not required by the existing contractual terms contained in the original tenancy agreements and applicable laws and regulations, to tenants on a case by case basis. Depending on the circumstances of the rental rebates granted, the rebates are recognised by the Group and the Fund in the following manner:

- a) rebates granted on lease payments in advance of them being due are accounted for as a lease modification, as the rebate has changed the total lease consideration. The rebate granted is treated as a new operating lease at the effective date of modification, where lease income based on revised total lease consideration is recognised over the remaining lease term on a straight-line basis; and
- b) rebates granted on lease payments that are contractually past due are accounted for as partial extinguishment of lease payments as the Group's and the Fund's contractual rights to these lease receivables has been waived. The rebate is recognised as a loss in the same period in which the reduction is contractually agreed.

Separating lease and non-lease components

As the tenancy agreements contain lease and non-lease components, the Group and the Fund allocate the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices. Where these selling prices are not directly observable, they are estimated based on expected cost plus margin. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group and the Fund exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Notes to the Financial Statements

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operate ("functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Fund's functional and presentation currency.

(o) Earnings per unit

The earnings per Unit ("EPU") are presented on basic and diluted format.

Basic EPU is calculated by dividing the total comprehensive income attributable to unitholders by the weighted average number of Units outstanding during the period.

Diluted EPU is determined by adjusting the total comprehensive income attributable to unitholders against the weighted average number of Units outstanding adjusted for the effects of all dilutive potential units.

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision makers, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions for the Group and the Fund, have been identified as the Directors of the Manager.

(q) Net asset value ("NAV")

NAV is the value of the total assets less the value of the total liabilities in accordance with the REIT Guidelines.

(r) Distribution of income

Distribution of income should only be made from realised gains or realised income in accordance with the REIT Guidelines.

Distribution of income should be made after the Manager has taken into consideration the total returns for the period, income for the period, cash flow for distribution, stability and sustainability of income and the investment objective and distribution policy of IGBCR. Liability is recognised for the amount of any distribution of income not distributed at the end of the reporting period.

Distribution adjustments are disclosed in Note 18.

(s) Realised and unrealised profit or loss analysis in statement of comprehensive income

In accordance with the REIT Guidelines, a charge or a credit to the statement of comprehensive income is deemed as realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use.

Where a credit or a charge to the statement of comprehensive income upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should be deemed as unrealised until the consumption of resource could be demonstrated. Unrealised profit or loss comprises mainly the changes in fair value on investment properties.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors of the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Fund make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Significant assumptions for estimation of fair value of investment properties

The significant assumptions underlying estimation of fair value of investment properties are those related to term and reversionary rental, car park income, other income, outgoing expenses and allowance for void.

Notes to the Financial Statements

(continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Significant assumptions for estimation of fair value of investment properties (continued)

Investment properties are stated at fair value based on valuations performed by Henry Butcher Malaysia Sdn. Bhd. ("Henry Butcher"), an independent registered valuer who holds a recognised relevant professional qualification and has relevant experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The valuations are carried out at the end of the reporting period. The Manager reviewed and held discussions with the independent valuers for the valuations performed for financial reporting purposes as the determination of fair value using the income approach involves the use of certain estimates that reflect the current market conditions. The valuations were approved by the Board of Directors of the Manager.

The valuations are compared with actual market yield data, actual transactions and those reported by the market, when available. Assumptions used are mainly based on market conditions existing at each reporting date.

The Covid-19 pandemic has increased the uncertainties in the market conditions of investment properties. The independent external valuer had incorporated the effects in the reversionary rental rate and allowance for void rate in the valuations of the investment properties to reflect the uncertainties arising from the unknown future impact, if any, of the Covid-19 pandemic might have on the real estate market.

Sensitivity analysis on the fair values of the investment properties is disclosed in Note 5.

5 INVESTMENT PROPERTIES

	<u>Group and Fund</u>
	2021
	RM'000
At the date of establishment, 31 March 2021	-
Acquisition of investment properties	3,160,500
Net fair value gain recognised in statements of comprehensive income	500
As at 31 December 2021	<u>3,161,000</u>

On 17 September 2021, IGBCR completed the acquisition of 10 properties for a total consideration of RM3,160.5 million which was settled in cash of RM853.2 million and issuance of 2,307.3 million units in IGBCR. Details of the properties are set out in the following pages.

All of the properties are charged as security for borrowings as disclosed in Note 10.

Based on the valuation reports dated 10 January 2022 issued by Henry Butcher, the fair values of the 10 properties as at 31 December 2021 are RM3.161 billion.

Fair value is determined based on income approach method using Level 3 inputs (defined as unobservable inputs for asset or liability) in the fair value hierarchy of MFRS 13 'Fair Value Measurement'. Under the income approach, the fair value of the investment properties is derived from an estimate of the market rental which the investment properties can reasonably be let for. Rental evidence may be obtained from actual passing rents commanded by the investment properties if they are tenanted. Outgoings, such as quit rent and assessment, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, asset enhancement initiatives, upgrades expenses as well as management expenses, are then deducted from the rental income. Thereafter, the net annual rental income is capitalised at an appropriate current market yield to arrive at its fair value. Changes in fair value are recognised in the statement of comprehensive income during the period in which they are reviewed.

The Level 3 inputs or unobservable inputs include:-

Term rental	- the expected rental that the investment properties are expected to achieve and is derived from the current passing rental (including revision upon renewal of tenancies during the year which is part of passing rental);
Reversionary rental	- the expected rental that the investment properties are expected to achieve upon expiry of term rental;
Car park income	- the rental on car park bays;
Other income	- rent and related income, maintenance service charge and other miscellaneous income;
Outgoings	- mainly quit rent and assessment, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, asset enhancement initiatives/upgrades expense and management expenses;
Capitalisation rate	- based on actual location, size and condition of the investment properties and taking into account market data at the valuation date based on the valuers' knowledge of the factors specific to the investment properties; and
Allowance for void	- allowance given for transition period for new tenants to start operation.

Notes to the Financial Statements

(continued)

5 INVESTMENT PROPERTIES (continued)

The investment properties are as follows:-

Group and Fund

	Date of acquisition	Date of valuation	Location	Tenure	Fair value as at 31.12.2021 RM'000	Fair value at acquisition RM'000	Percentage of fair value to NAV ⁴ as at 31.12.2021 %
MIGB	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold ¹	189,000	188,900	8.2
CPS	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold ¹	192,000	190,500	8.4
CPN	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold ¹	196,000	196,500	8.5
BP	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold ¹	80,000	78,000	3.5
GST	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold ²	394,000	391,500	17.1
GNT	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold ²	386,000	382,100	16.8
MSP	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold ³	572,000	573,500	24.9
MTT	17.09.2021	31.12.2021	Kuala Lumpur	Freehold	240,000	239,100	10.4
GT	17.09.2021	31.12.2021	Kuala Lumpur	Freehold	733,000	739,800	31.9
HPO	17.09.2021	31.12.2021	Kuala Lumpur	Freehold	179,000	180,600	7.8
					3,161,000	3,160,500	

Notes:-

¹ The lease has a period of 83 years expiring on 11 April 2104.

² The lease has a period of 99 years expiring on 6 June 2103.

³ The lease has a period of 99 years expiring on 21 March 2120.

⁴ Based on NAV after income distribution.

Notes to the Financial Statements

(continued)

5 INVESTMENT PROPERTIES (continued)

The fair value measurements using Level 3 inputs as at 31 December 2021 were as follows:-

Group and Fund

Valuation technique	Fair value	Parameters						Sensitivity analysis on fair value measurements ¹										
		Capitalisation rates			Car park and other income			Impact of lower capitalisation rate		Impact of higher capitalisation rate		Impact of lower allowance for void		Impact of higher allowance for void				
		Term period	Reversionary period	%	Outgoings	RM psf	%	Allowance for void	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Income approach	3,161,000	4.00 - 5.75	4.25 - 6.00	6.00	1.60 - 1.75	5.0 - 15.0	134,100	(123,900)	138,900	(138,900)	169,254	(169,254)	134,100	(123,900)	138,900	(138,900)	169,254	(169,254)
	<u>3,161,000</u>						<u>134,100</u>	<u>(123,900)</u>	<u>138,900</u>	<u>(138,900)</u>	<u>169,254</u>	<u>(169,254)</u>	<u>134,100</u>	<u>(123,900)</u>	<u>138,900</u>	<u>(138,900)</u>	<u>169,254</u>	<u>(169,254)</u>

Notes:-

¹ Changes in capitalisation rates on term and reversionary periods by 25 basis points, outgoings per square feet by RM0.20 and allowance for void by 500 basis point on existing unexpired contractual terms are used as these are the key inputs subjected to changes in market conditions.

(i) Amounts recognised in profit or loss for investment properties

The lease revenue and related income arising from investment properties during the financial period is RM53,367,000 (Note 12).

Direct operating expenses arising from investment properties during the financial period is RM16,772,000, as disclosed under property operating expenses in statements of comprehensive income.

(ii) Leasing arrangement

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the Group and the Fund are a lessor is recognised as income on a straight-line basis over the lease term.

There are no variable lease payments.

Where considered necessary to reduce credit risk, the Group and the Fund collected security deposits in the form of cash or bank guarantees with the Group and the Fund which act as collateral if receivables due from the tenant are not settled or in case of breaches of contract. Although the Group and the Fund are exposed to changes in the residual value at the end of the current leases, the Group and the Fund typically enter into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are disclosed in Note 23.

Notes to the Financial Statements

(continued)

6 INVESTMENT IN SUBSIDIARY

	Fund 2021 RM'000
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At cost

Unquoted shares

-*

* Denotes RM2

Name of company	Principal activities	Place of incorporation	Group's effective interest (%)
			2021
IGB Commercial REIT Capital Sdn Bhd	A special purpose vehicle to raise financing via the issuance of Medium Term Notes pursuant to a Medium Term Notes programme	Malaysia	100

7 TRADE AND OTHER RECEIVABLES

	Group 2021 RM'000	Fund 2021 RM'000
Non-current		
Amount due from subsidiary	-	17,169
Prepayments	16	16
	<u>16</u>	<u>17,185</u>
Current		
Trade receivables	2,141	2,141
Amounts due from related companies	1,417	1,417
Less: Loss allowance	-	-
Trade receivables – net	<u>3,558</u>	<u>3,558</u>
Deferred lease incentives	483	483
	<u>4,041</u>	<u>4,041</u>
Other receivables	293	293
Deposits	21	21
	<u>314</u>	<u>314</u>
Prepayments	492	492
	<u>806</u>	<u>806</u>
Total – current	<u>4,847</u>	<u>4,847</u>
Total trade and other receivables	<u>4,863</u>	<u>22,032</u>

The credit terms of trade receivables were 7 days.

The amounts due from related companies are trade in nature, unsecured and with credit terms of 7 days.

The amount due from subsidiary represents advances, mainly to comply with the minimum required balance in Debt Service Reserve Account pursuant to Medium Term Notes (Note 10), which is unsecured, repayable on demand and bears an interest rate of 1.75%.

Notes to the Financial Statements

(continued)

8 CASH AND CASH EQUIVALENTS

	Group	Fund
	2021	2021
	RM'000	RM'000
Non-current asset		
Deposits placed with licensed banks	15,887	-
Current assets		
Cash in hand	14	14
Bank balances	18,197	17,974
Deposits placed with licensed banks	75,243	75,358
Cash and bank balances	109,341	93,346
Less: Pledged deposits	(15,887)	-
Cash and cash equivalents	<u>93,454</u>	<u>93,346</u>

Bank balances are deposits held at call with banks and earn no interest.

Included in the deposits placed with licensed banks of the Group is pledged deposit of RM15.9 million, which is maintained in a Debt Service Reserve Account to cover a minimum of six (6) months interest for Medium Term Notes (Note 10), which has an effective interest rate of 1.75% per annum as at reporting date.

The weighted average effective interest rate of the remaining deposits with licensed banks of the Group and the Fund that were effective at the reporting date were 1.72% per annum and 1.71% per annum respectively.

Deposits with licensed banks of the Group and the Fund have a weighted average maturity of 66 days and 60 days respectively.

The reconciliation of liabilities arising from financing activities is as follows:-

Group	Borrowings	Distribution payable to unitholders	Total
	RM'000	RM'000	RM'000
As at 31 March 2021	-	-	-
Cash flows:-			
Drawdown of borrowings	853,200	-	853,200
Interest paid	(7,841)	-	(7,841)
	845,359	-	845,359
Non-cash changes:-			
Interest charged during the financial period	9,497	-	9,497
Financing related expenses	(3,425)	-	(3,425)
Distribution to unitholders	-	26,483	26,483
	6,072	26,483	32,555
As at 31 December 2021	<u>851,431</u>	<u>26,483</u>	<u>877,914</u>

Notes to the Financial Statements

(continued)

8 CASH AND CASH EQUIVALENTS (continued)

The reconciliation of liabilities arising from financing activities is as follows:- (continued)

Fund	Amount due to subsidiary RM'000	Borrowings RM'000	Distribution payable to unitholders RM'000	Total RM'000
As at 31 March 2021	-	-	-	-
Cash flows:-				
Borrowings from subsidiary company	850,000	-	-	850,000
Drawdown of borrowings	-	3,200	-	3,200
Interest paid	(7,841)	-	-	(7,841)
	842,159	3,200	-	845,359
Non-cash changes:-				
Interest charged during the financial period	9,338	159	-	9,497
Financing related expenses	(2,977)	(448)	-	(3,425)
Distribution to unitholders	-	-	26,483	26,483
	6,361	(289)	26,483	32,555
As at 31 December 2021	848,520	2,911	26,483	877,914

9 UNITHOLDERS' CAPITAL

	Note	Group and Fund	
		2021	
		Number of units	Value
		'000	RM'000
Issued and fully paid up:			
As at date of establishment, 31 March 2021		-	-
Issuance of new Units:			
- acquisition of investment properties	a	2,307,300	2,307,300
- manager's fee paid in Units	b	898	592
Transaction cost in relation to issuance of Units		-	(4,875)
As at 31 December		2,308,198	2,303,017

Issuance of Units

- (a) On 17 September 2021, IGBCR has issued 2,307,300,000 units to part finance the purchase of investment properties (Note 5). The units have been initially measured at its fair value of RM2.31 billion less transaction costs of RM4.88 million that are directly attributable to the issuance of the Units.
- (b) During the financial period, all Manager's management fees was paid/payable in Units. Total Manager's management fees paid/payable in Units are disclosed in Note 14.

Notes to the Financial Statements

(continued)

10 BORROWINGS

	Note	Group	Fund
		2021	2021
		RM'000	RM'000
Current (secured):			
Medium Term Notes	a	1,324	-
Revolving Credit	b	2,911	2,911
		<u>4,235</u>	<u>2,911</u>
Non-current (secured):			
Medium Term Notes	a	847,196	-
		<u>847,196</u>	<u>-</u>
Total		<u>851,431</u>	<u>2,911</u>

(a) Medium Term Notes ("MTN") Programme of up to RM5.0 billion in nominal value ("MTN Programme")

On 17 September 2021, IGB Commercial REIT Capital Sdn Bhd ("IGBCRC"), a special purpose vehicle wholly-owned by IGBCR via MTrustee Berhad (acting in its capacity as trustee for IGBCR) issued the first tranche unrated MTN ("Tranche 1, MTN") amounting to RM850 million which was advanced to the Fund to part finance the acquisitions of the 10 properties. The MTN has been initially measured at its fair value of RM850 million less transaction costs of RM2.97 million that are directly attributable to the issuance of the MTN.

The Tranche 1, MTN has a tenure of 8.5 to 10.5 years ("Legal Maturity") effective from 17 September 2021. For the first 5 to 7 years ("Expected Maturity"), the Tranche 1, MTN bears a coupon rate of 3-months KLIBOR + 1.76% per annum. The 850 million has to be fully repaid on Expected Maturity, otherwise it will cause a trigger event that will result in coupon rate to be stepped up by 1% per annum from the Expected Maturity Date up to its Legal Maturity Date. In addition, the trigger event is required to be remedied by IGBCRC within 14 business days failing which the MTN's Security Trustee may exercise its relevant power under the programme to recover the sum due.

The Tranche 1, MTN is secured against, among others, the following:-

- (i) a third party legal assignment of the Trustee's present and future rights, titles, interests and benefits in MIGB, CPS, CPN, GST, GNT, MSP, MTT, GT and HPO ("9 properties") and under the sale and purchase agreement in relation to 9 properties. In the event the subdivision of master title is completed and a separate strata title is issued for 9 properties ("9 properties Strata Title"), a third party first legal charge shall be created on 9 properties Strata Title;
- (ii) a third party legal assignment over all the Trustee's rights, titles, interests and benefits under the proceeds derived from the tenancy/lease agreements in relation to 9 properties;
- (iii) a third party legal assignment of the Trustee's present and future rights, titles, interests and benefits under all insurance policies in relation to 9 properties and the Security Trustee (acting for and on behalf of the MTN holders) being named as the co-insured and loss payee of the insurance policies;
- (iv) a third party first ranking legal assignment and charge over the revenue and operating accounts of the Tranche 1, MTN;
- (v) a first party first ranking legal assignment and charge over the Debt Service Reserve Account of the Tranche 1, MTN;
- (vi) an irrevocable power of attorney granted by the Trustee in favour of the Security Trustee (acting for and on behalf of the MTN holders) to manage and dispose 9 properties upon expiry of the remedy period under the terms of the Tranche 1, MTN;
- (vii) a letter of undertaking from the Trustee and the Manager:-
 - (a) to deposit all cash flows generated from 9 properties into the revenue account; and
 - (b) it shall not declare or make any distributions out of the cash flows from the revenue account to the unitholders if an event of default and/or a trigger event has occurred and is continuing or the financial covenants are not met; and
- (viii) a first party legal assignment over the Tranche 1, MTN's Trustee financing agreement.

Notes to the Financial Statements

(continued)

10 BORROWINGS (continued)

(b) Revolving Credit

IGBCR has obtained a Revolving Credit ("RC") facility of up to RM50 million for working capital and bears KLIBOR + 1% per annum at minimum rate of 1.70% per annum. On 15 September 2021, IGBCR has drawn down RM3.2 million with 6-months KLIBOR tenor to part finance the acquisition of properties, which has been initially measured at its fair value less transaction costs of RM0.45 million that are directly attributable to the RC facility.

The RC is secured by way of charge on BP.

The maturity profiles of the borrowings are as follows:-

	<1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	>3 years RM'000	Total carrying amount RM'000
Group					
As at 31 December 2021					
Tranche 1, MTN	1,324	-	-	847,196	848,520
RC	2,911	-	-	-	2,911
	<u>4,235</u>	<u>-</u>	<u>-</u>	<u>847,196</u>	<u>851,431</u>
Fund					
As at 31 December 2021					
RC	2,911	-	-	-	2,911
	<u>2,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,911</u>

The weighted average effective interest rates as at the reporting date are as follows:-

	Group 2021 per annum	Fund 2021 per annum
Tranche 1, MTN	3.79%	-
RC	<u>3.02%</u>	<u>3.02%</u>

The fair value of borrowings as at reporting date approximates the fair value as the borrowings are subjected to variable market interest rates.

Notes to the Financial Statements

(continued)

11 TRADE AND OTHER PAYABLES

	Note	Group 2021 RM'000	Fund 2021 RM'000
Non-current			
Amount due to subsidiary	a	-	847,196
Current			
Tenants' deposits	b	73,333	73,333
Trade and other payables and accrued expenses	c	7,521	9,515
Indirect tax payable		41	41
Prepaid rental		7,482	7,482
Amount due to ultimate holding company	d	5,578	4,758
Amount due to subsidiary	a	-	1,324
Amounts due to related companies	d	4,790	4,790
Distribution payable to unitholders		26,483	26,483
		51,895	54,393
Total current trade and other payables		125,228	127,726
Total trade and other payables		125,228	974,922

- (a) The amount due to subsidiary mainly represents advances from the issuance of Tranche 1, MTN and its interest, which are secured and carries floating interest rate of 3-months KLIBOR + 1.76% per annum, in which the repayment terms mirror the terms stated in Note 10.
- (b) Tenants' deposits include refundable deposits received from tenants for tenancy and lease related agreements. Tenancy and lease tenures are generally for a period of one (1) to three (3) years. The liability is derecognised upon returning the deposits to the tenant at the end of the tenancy or transferred to profit or loss to the extent of rent owed when it has been established that a tenant commits a breach of any provisions in the tenancy agreement.
- (c) Credit terms for trade payables range from 30 days to 90 days.
- (d) Amounts due to ultimate holding and related companies are unsecured, interest-free and repayable on demand.
- (e) The fair value of amount due to subsidiary as at reporting date approximates the fair value as the amount due to subsidiary is subjected to variable market interest rates.

12 REVENUE

	Group and Fund 31.03.2031 (date of establishment) to 31.12.2021 RM'000
Lease revenue	
- Rental income	34,804
	34,804
Revenue from contracts with customers	
- Service charge	16,403
- Car park income	1,110
- Utilities recoverable	752
- Others	298
	18,563
Gross revenue	53,367
Revenue from contracts with customers is recognised:-	
- Over time	18,563

There are no variable lease payments that depend on an index or rate.

Notes to the Financial Statements

(continued)

13 REIMBURSEMENT COSTS

These are costs incurred in the operation, maintenance, management and marketing of the investment properties by the property manager pursuant to the Service Provider Agreement, as well as insurance premiums which is reimbursed to the property manager.

	Group and Fund
	31.03.2021 (date of establishment) to 31.12.2021
	RM'000
Manpower costs	2,060
Marketing expenses	70
Administration expenses	674
Management expenses	107
Insurance premium	405
	<u>3,316</u>

14 MANAGER'S MANAGEMENT FEES

	Group and Fund
	31.03.2021 (date of establishment) to 31.12.2021
	RM'000
Base fee	2,839
Performance fee	1,830
	<u>4,669</u>

As at 31 December 2021, the Manager's management fees amounting to RM592,000 has been paid in Units and the Manager's management fees for the financial quarter ended 31 December 2021 amounted to RM4,077,000 remained outstanding and were paid in Units on 3 February 2022.

15 FINANCE COSTS

	Group	Fund
	31.03.2021 (date of establishment) to 31.12.2021	31.03.2021 (date of establishment) to 31.12.2021
	RM'000	RM'000
Interest expense on:		
- MTN and RC	9,497	159
- advances from subsidiary	-	9,338
- others	34	34
	<u>9,531</u>	<u>9,531</u>

Notes to the Financial Statements

(continued)

16 TAXATION

	Group and Fund 31.03.2021 (date of establishment) to 31.12.2021 RM'000
Reconciliation of tax expense	
Profit before taxation	22,011
Income tax using Malaysian tax rate of 24%	22,011
Non-deductible expenses	-
Income exempted from tax	(22,011)
	-

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 ("Act"), income of IGBCR will be exempted from tax provided that at least 90% of its total taxable income (as defined in the Act) is distributed to the investors in the basis period of IGBCR for that year of assessment within two (2) months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two (2) months after the close of IGBCR financial year which forms the basis period for a year of assessment, IGBCR will be subject to income tax at the prevailing rate on its total taxable income. Income which has been taxed at the IGBCR level will have tax credits attached when subsequently distributed to unitholders.

As the distribution to unitholders for the financial period ended 31 December 2021 is 100% of the total distributable income, no provision for income taxation has been made for the current financial year.

17 EARNINGS PER UNIT ("EPU") – BASIC AND DILUTED

The calculation of EPU is based on total comprehensive income attributable to unitholders divided by the weighted average number of Units.

	Group and Fund 2021 RM'000
	Note
Total comprehensive income	
- Realised	21,511
- Unrealised	500
Total	22,011
Weighted average number of Units ('000)	
Weighted average number of Units in issue	2,307,624
Adjustment for Manager's management fees payable in Units	a 6,574
Weighted average number of Units for diluted EPU	2,314,198
Basic/Diluted EPU (sen)	
- Realised	0.93
- Unrealised	0.02
Total	0.95

Notes to the Financial Statements

(continued)

17 EARNINGS PER UNIT ("EPU") – BASIC AND DILUTED (continued)

Diluted EPU equals to Basic EPU as there are no potential dilutive units in issue.

Note (a):-

	Group and Fund	
	2021	
	Number of units	Value
	'000	RM'000
Manager's management fees payable in Units		
- from 1 October 2021 to 31 December 2021 at RM0.62 per Unit listed on 3 February 2022	6,574	4,077

18 DISTRIBUTION TO UNITHOLDERS

	Note	Group and Fund
		2021
		RM'000
Total comprehensive income		22,011
Distribution adjustments	a	4,472
Distributable income		26,483
Distribution per unit (sen)		
- for the period from 31 March 2021 to 31 December 2021		1.147
<u>Sources of distribution</u>		
Lease revenue		34,804
Revenue from contracts with customers		18,563
Interest income		235
		53,602
Changes in fair value of investment properties		500
Less: Expenses		(32,091)
Total comprehensive income		22,011
Distribution adjustments	a	4,472
Distributable income		26,483
Income distribution of 1.147 sen per unit		
- for the period from 31 March 2021 to 31 December 2021		(26,483)
Income retained		-
		Group and Fund
		2021
	Note	RM'000
<u>Note (a):-</u>		
Distribution adjustments comprise:-		
Manager's management fees payable in Units	14	4,669
Amortisation of transaction costs		303
Changes in fair value of investment properties	5	(500)
		4,472

Notes to the Financial Statements

(continued)

18 DISTRIBUTION TO UNITHOLDERS (continued)

Withholding tax will be deducted for distributions as follows:-

	Withholding tax rate
	2021
Resident corporate	N/A [^]
Resident non-corporate	10%
Non-resident individual	10%
Non-resident corporate	24%
Non-resident institutional	10%
[^] to tax at prevailing rate	

19 MANAGEMENT EXPENSE RATIO

	Group and Fund
	2021
Management expense ratio ("MER") (%)	0.86

The calculation of the MER is based on the annualised total fund operating fees of the Group and the Fund incurred for the financial period, including the Manager's management fees, trustees' fees and other trust expenses, to the NAV (after income distribution).

The calculation of the MER is required as per the REIT Guidelines and the basis of calculating MER can vary among REITs. As such, there is no consistent or coherent basis for providing an accurate comparison of the Group's and of the Fund's MER against other REITs.

20 SEGMENT REPORTING

The segmental financial information by business or geographical segments is not presented as there is only one (1) business activity within the investment properties portfolio of the Group and of the Fund, which comprised of 10 properties in Kuala Lumpur.

The Manager assesses the financial performance of the operating segments based on, including but not limited to, net property income ("NPI"). The NPI enables financial performance benchmarking as such basis eliminates the effect of financing and investment decisions which may not be made at operating level.

21 FINANCIAL INSTRUMENTS BY CATEGORY

		Group	Fund
		2021	2021
	Note	RM'000	RM'000
<u>Financial assets at amortised cost</u>			
Assets as per statement of financial position:-			
- Trade and other receivables excluding prepayments and deferred lease incentives	7	3,872	21,041
- Cash and bank balances	8	109,341	93,346
Total financial assets		<u>113,213</u>	<u>114,387</u>
<u>Financial liabilities at amortised cost</u>			
Liabilities as per statement of financial position:-			
- Borrowings	10	851,431	2,911
- Trade and other payables excluding indirect tax payable and prepaid rental	11	117,705	967,399
Total financial liabilities		<u>969,136</u>	<u>970,310</u>

Notes to the Financial Statements

(continued)

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1 Financial risk factors

The Group's and the Fund's activities expose it to a variety of financial risks: interest rate risk (including fair value interest rate risk), credit risk and liquidity and cash flow risk. The Group's and the Fund's overall financial risk management objective is to ensure that it creates value for its unitholders. The Group and the Fund focus on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the financial performance of the Group and the Fund. Financial risk management is carried out through risk reviews, internal control systems and insurance programmes. The Manager regularly reviews the risk profile and ensure adherence to the Group's and the Fund's financial risk management policies.

(a) Interest rate risk

The Group's cash flow interest rate risk arises from floating rates MTN and RC, and the Fund's cash flow interest rate risk arises from floating rate RC and amount due to subsidiary.

The information on maturity dates and effective interest rates of these borrowings and amount due to subsidiary is disclosed in Note 10 and Note 11.

The Group's and Fund's interest rate exposure is co-related with changes in KLIBOR of the lenders. The impact on the Group's and Fund's profit after tax and equity arising from changes in KLIBOR of the lenders by 10 basis points arising from the Group's and the Fund's floating rates borrowings with all other variables being held constant, would be as follows:

	Group	Fund
	2021	2021
	RM'000	RM'000
Increase/(Decrease) to profit after tax and equity if:		
KLIBOR increase by 10 basis points	(853)	(853)
KLIBOR decrease by 10 basis points	853	853

(b) Credit risk

Credit risk arises from credit exposures to outstanding receivables from the tenants, as well as cash, cash equivalents and deposits with banks and financial institutions.

Simplified approach for trade receivables

The Group and the Fund apply simplified approach which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

Credit risk with respect to rental receivables is limited due to the nature of business which is predominantly rental receivable in advance. Furthermore, the tenants have placed security deposits in the form of cash or bank guarantees with the Group which acts as collateral if receivables due from the tenant are not settled or in case of breaches of contract. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and the Fund's trade receivables.

Bank deposits are placed with licensed financial institutions with high credit ratings assigned by credit rating agencies. The Group and the Fund consider the risk of material loss in the event of nonperformance by a financial counterparty to be unlikely and hence, the ECL allowance is not material.

General 3-stage approach for other receivables, deposits and non-trade intercompany balances

The other receivables, deposits and non-trade intercompany balances impairment are assessed individually to determine whether there was objective evidence that an impairment had been incurred but not yet identified. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs.

Notes to the Financial Statements

(continued)

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

22.1 Financial risk factors (continued)

(b) Credit risk (continued)

The analysis of credit risk exposure of trade receivables is as follows:-

Trade receivables

Group and Fund

	Not due	1-7 days	8-30 days	31-60 days	61-90 days	>90 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>As at 31 December 2021</u>							
Trade receivables (gross)	-	-	1,405	495	8	233	2,141
Loss allowance	-	-	-	-	-	-	-
Trade receivables (net)	-	-	1,405	495	8	233	2,141
Expected credit loss rate*	0%	0%	0%	0%	0%	100%	

* Expected loss rate for receivables due more than 90 days and tenants under litigation are 100%. The Group and Fund take into account security deposits and other collaterals in determining the expected credit loss. As at financial year end, such collaterals are sufficient to cover any unrecognised expected credit loss.

Other receivables, deposits and non-trade intercompany balances

There is no impairment of other receivables, deposits and non-trade intercompany balances as the rate of default and expected credit loss rate is low.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

(c) Liquidity and cash flow risk

The rolling forecasts of liquidity requirements are monitored to ensure there is sufficient cash to meet operational needs while maintaining sufficient headroom on the committed borrowing facilities (Note 10).

Adequate cash, cash equivalents and bank facilities are maintained and monitored to finance the operations, to distribute income to unitholders, and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the REIT Guidelines concerning limits on total borrowings of the investment trust.

Cash and bank balances as at 31 December 2021 of the Group and of the Fund of RM109.3 million and RM93.3 million respectively are expected to assist in the liquidity and cash flow risk management. In addition, the Group and the Fund has undrawn RC facility of RM46.8 million available for working capital purposes.

The analysis of the non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date is as follows:-

Group	<1 year	1 to 2 years	2 to 3 years	>3 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>As at 31 December 2021</u>					
Borrowings	35,435	32,215	32,215	955,330	1,055,195
Trade and other payables and accruals excluding indirect tax payable and prepaid rental	117,705	-	-	-	117,705

Notes to the Financial Statements

(continued)

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

22.1 Financial risk factors (continued)

(c) Liquidity and cash flow risk (continued)

The analysis of the non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date is as follows:- (continued)

Fund	<1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	>3 years RM'000	Total RM'000
<u>As at 31 December 2021</u>					
Borrowings	3,220	-	-	-	3,220
Trade and other payables and accruals excluding indirect tax payable and prepaid rental	148,117	32,215	32,215	955,330	1,167,877

Note:-

The amounts are contractual and undiscounted cash flows.

22.2 Capital risk management

The Group's capital is the unitholders' capital and borrowings. The Fund's capital is the unitholders' capital, bank borrowing and intercompany borrowings as shown in the statements of financial position.

The overall capital management objectives are to safeguard the ability to continue as a going concern in order to provide returns for unitholders and other stakeholders as well as to maintain a more efficient capital structure.

The Manager's on-going capital management strategy involves maintaining an appropriate gearing level and adopting an active interest rate management strategy to manage the risks associated with refinancing and changes in interest rates. The Manager intends to implement this strategy by (i) diversifying sources of debt funding to the extent appropriate, (ii) maintaining a reasonable level of debt service capability, (iii) securing favourable terms of funding, (iv) managing its financial obligations and (v) where appropriate, managing the exposures arising from adverse market interest rates, such as through fixed rate borrowings, to improve the efficiency for the cost of capital.

The total borrowings to total assets ratio is as follows:-

	Group 2021 RM'000	Fund 2021 RM'000
Total borrowings	851,431	2,911
Total intercompany borrowings	-	848,520
Total assets	3,275,204	3,276,378
Borrowings to total assets ratio (%)	26%	26%

The Securities Commission Malaysia temporarily increased the gearing limit for Malaysia REIT from 50% to 60%, effective from 12 August 2020 until 31 December 2022. The Group and the Fund complied with the borrowing limit for the financial period.

Notes to the Financial Statements

(continued)

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

22.2 Capital risk management (continued)

The financial covenants of the MTN Programme are as follows:-

- (i) to ensure that the total amount raised by the Group from issuance of debt securities and/or any other financing facilities shall not exceed 50% of the total asset value of the Group; and
- (ii) to maintain the Interest Service Cover Ratio ("ISCR") of not less than 1.5 times for the Group, calculated on a yearly basis at the end of the financial period of the Group.

The financial covenants of the Revolving Credit are as follows:-

- (i) to maintain the Debt Service Coverage Ratio ("DSCR") of not less than 1.5 times for BP, calculated on a yearly basis at the end of the financial period of IGBCR;
- (ii) to ensure no further indebtedness in relations to IGBCR, save for the MTN programme of RM850 million, without prior written consent of the bank; and
- (iii) to ensure IGBCR remain as subsidiary of IGB Berhad.

The Group and the Fund complied with the financial covenants.

The Deed provides that the Manager shall, with the approval of the Trustee, for each distribution period, distribute all (or such other percentage as determined by the Manager at its absolute discretion) of the Fund's distributable income. It is the intention of the Manager to distribute at least 90% of the Fund's distributable income on a half yearly basis (or such other interval as determined by the Manager at its absolute discretion).

For the period from the date of establishment to 31 December 2021, the Group and the Fund distributed 100% of its distributable income.

22.3 Fair value

The assets and liabilities measured at fair value and classified by level of the fair value measurement hierarchy are as follows:-

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data i.e. unobservable inputs (Level 3).

	Group and Fund
	2021
	RM'000
<hr/>	
<u>Level 3</u>	
Recurring fair value measurements:-	
Investment properties	3,161,000

Level 3 fair values of the investment properties have been derived from the income approach method based on valuations performed by independent registered valuer. The valuation techniques, significant parameters and movement in fair values are as disclosed in Note 5.

Assets and liabilities not carried at fair value

The carrying amounts of financial assets and liabilities as at reporting date approximated their fair values.

Notes to the Financial Statements

(continued)

23 OPERATING LEASE

Leases as lessor

The Group and the Fund lease out the investment properties (Note 5) under operating leases. Subject to full receipts and/or recoveries of all trade receivables, and assuming no existing tenancies are prematurely terminated, all expiring tenancies will be renewed at the same passing rent rates and no rent support, incentive, waiver or rebate will be given to tenants, the lease receivables based on committed tenancies as at 31 December 2021 are as follows:-

	<u>Group and Fund</u>
	2021
	RM'000
Less than one (1) year	103,757
Between one (1) and two (2) years	63,571
Between two (2) and three (3) years	28,889
Between three (3) and four (4) years	8,770
Between four (4) and five (5) years	1,788
	<u>206,775</u>

24 UNSATISFIED PERFORMANCE OBLIGATION

The following table shows unsatisfied performance obligation resulting from non-lease components of the lease contracts:-

	<u>Group and Fund</u>
	2021
	RM'000
Service charges:	
- Less than one (1) year	45,896
- Between one (1) and two (2) years	29,488
- Between two (2) and three (3) years	14,184
- Between three (3) and four (4) years	4,252
- Between four (4) and five (5) years	715
	<u>94,535</u>

25 COMPARATIVE FIGURES

No comparative figures are presented as this is the first set of financial statements of IGBCR prepared by the Manager since IGBCR was established on 31 March 2021.

Notes to the Financial Statements

(continued)

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions are carried out in the normal course of business on terms and conditions negotiated between the contracting parties.

Related party	Relationship	Group	Fund
		2021	2021
		RM'000	RM'000
IGB Berhad ("IGB")	Major unitholder, the sponsor and holding company of the Fund		
IGB Corporation Berhad ("IGBC")	A subsidiary of IGB		
IGB REIT Management Sdn Bhd	The Manager of the Fund, a subsidiary of IGBC		
IGB Commercial REIT Capital Sdn Bhd	A subsidiary of the Fund via MTrustee Berhad (acting in its capacity as trustee for IGBCR)		
GTower Sdn Bhd	A subsidiary of IGB		
IGB Digital Sdn Bhd	A subsidiary of IGB		
IGB Real Estate Investment Trust	A subsidiary of IGB		
Ensignia Construction Sdn Bhd	A subsidiary of IGBC		
Idaman Spektra Sdn Bhd	A subsidiary of IGBC		
IGB Property Management Sdn Bhd	A subsidiary of IGBC		
Mid Valley City Sdn Bhd	A subsidiary of IGBC		
Mid Valley City Energy Sdn Bhd	A subsidiary of IGBC		
Mid Valley City North Tower Sdn Bhd	A subsidiary of IGBC		
Mid Valley City Southpoint Sdn Bhd	A subsidiary of IGBC		
MVC Centrepoint South Sdn Bhd	A subsidiary of IGBC		
Tan & Tan Developments Berhad	A subsidiary of IGBC		

Significant related party transactions for the financial period:-

Receivables

1) Rental of premises		
- IGB Berhad	1,188	1,188
- IGB Digital Sdn Bhd	70	70
- IGB Property Management Sdn Bhd	79	79
- Ensignia Construction Sdn Bhd	176	176
- Tan & Tan Developments Berhad	284	284
- Mid Valley City Sdn Bhd	411	411
2) Collection on behalf		
- GTower Sdn Bhd	2,918	2,918
- Mid Valley City North Tower Sdn Bhd	3,449	3,449
- Idaman Spektra Sdn Bhd	384	384
- MVC Centrepoint South Sdn Bhd	1,475	1,475

Notes to the Financial Statements

(continued)

26 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group	Fund
	2021	2021
	RM'000	RM'000
Significant related party transactions for the financial period:- (continued)		
<i>Payables</i>		
1) Utilities and waste disposal charges		
- Mid Valley City Energy Sdn Bhd	422	422
- IGB Real Estate Investment Trust	671	671
- Mid Valley City Southpoint Sdn Bhd	244	244
2) Manager's management fees		
- IGB REIT Management Sdn Bhd	4,669	4,669
3) Borrowings from subsidiary company		
- IGB Commercial REIT Capital Sdn Bhd	-	850,000
4) Payment on behalf by		
- IGB Berhad	5,578	4,758
5) Interest charged by		
- IGB Commercial REIT Capital Sdn Bhd	-	9,338
Significant related party balances as at reporting date:-		
1) Amount due from		
- IGB Commercial REIT Capital Sdn Bhd	-	17,169
- GTower Sdn Bhd	529	529
- Mid Valley City North Tower Sdn Bhd	314	314
- Idaman Spektra Sdn Bhd	239	239
- MVC Centrepoint South Sdn Bhd	125	125
2) Amount due to		
- IGB Commercial REIT Capital Sdn Bhd	-	848,520
- IGB REIT Management Sdn Bhd	4,076	4,076
- IGB Berhad	5,578	4,758
- IGB Real Estate Investment Fund	296	296
- Mid Valley City Southpoint Sdn Bhd	245	245

Notes to the Financial Statements

(continued)

27 EFFECT OF IBOR REFORM

Following the Global Financial Crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR, USD LIBOR and other interbank offered rates has become a priority for global regulators. Globally, the new alternative reference rates ("ARR") are being introduced to improve the integrity of financial benchmark rates as part of a transition to transaction-based rates, in line with the LIBOR reforms. All the Group's and the Fund's borrowings contracts and the Fund's amount due to subsidiary are referenced to KLIBOR.

On 24 September 2021, Bank Negara Malaysia ("BNM") announced the launch of the Malaysia Overnight Rate ("MYOR") as the new alternative reference rate for Malaysia. The MYOR will run in parallel to the existing Kuala Lumpur Interbank Offered Rate ("KLIBOR"). There remain key differences between KLIBOR and MYOR. KLIBOR is a 'term rate', which means that it is published for a borrowing period (such as 3- or 6-month tenor) and is 'forward looking', because it is published at the beginning of the borrowing period. MYOR is currently a 'backward-looking' rate, based on unsecured overnight Malaysian Ringgit interbank transactions in the Malaysian financial market, and it is published on the next business day (i.e. at the end of the overnight borrowing period). Furthermore, KLIBOR includes a credit spread over the risk-free rate, which MYOR currently does not. To transition existing contracts and agreements that reference KLIBOR to MYOR, adjustments for term and credit differences might need to be applied to MYOR, to enable the two benchmark rates to be economically equivalent on transition.

The publication of the 2- and 12-month KLIBOR tenors will be discontinued on 1 January 2023. The remaining 1-, 3- and 6-month KLIBOR tenors will be reviewed by BNM in the second half of 2022. A new Islamic benchmark rate to replace the Kuala Lumpur Islamic Reference Rate will be announced by BNM by the first half of 2022.

As at reporting date, there is no change to the Group's KLIBOR-linked contracts. The Group and the Fund will closely monitor the regulators' announcement on the alternative benchmark rate or discontinuation of publication of the KLIBOR for the relevant tenors; and engage the counterparties to discuss necessary changes to the related contracts. The carrying amounts of these borrowings and amount due to subsidiary which reference to KLIBOR and have not transitioned to MYOR are disclosed in Note 10 and Note 11, respectively.

Unitholding Statistics

As at 14 February 2022

ISSUED UNITS

2,314,772,038 Units (voting right : 1 vote per Unit)

PUBLIC SPREAD

22.11%

DISTRIBUTION OF UNITHOLDINGS

Range of Unitholdings	No. of Unitholders	% of Unitholders	No. of Issued Units	% of Issued Units
Less than 100	81	2.04	3,871	0.00
100 – 1,000	438	11.00	259,761	0.01
1,001 – 10,000	2,098	52.75	9,604,271	0.41
10,001 – 100,000	1,041	26.18	31,876,342	1.38
100,001 to less than 5% of Issued Units	318,	8.00	1,073,137,771	46.36
5% and above of Issued Units	1	0.03	1,199,890,022	51.84
Total	3,977	100.00	2,314,772,038	100.00

SUBSTANTIAL UNITHOLDERS (5% AND ABOVE)

Name	Direct		Deemed*	
	No. of Issued Units	% of Issued Units	No. of Issued Units	% of Issued Units
IGB Berhad	1,199,890,022	51.84	7,472,038	0.32
Tan Chin Nam Sendirian Berhad	147,990,532	6.39	1,478,219,379	63.86
Tan Kim Yeow Sendirian Berhad	67,735,407	2.93	1,409,440,859	60.89
Wah Seong (Malaya) Trading Co. Sdn Bhd	174,080,712	7.52	1,235,360,147	53.37
Pauline Tan Suat Ming	4,227,385	0.18	1,477,176,266	63.82
Dato' Seri Robert Tan Chung Meng	5,330,424	0.23	1,477,176,266	63.82
Tony Tan Choon Keat	-	-	1,477,176,266	63.82

DIRECTORS UNITHOLDINGS

Name	Direct		Deemed*	
	No. of Issued Units	% of Issued Units	No. of Issued Units	% of Issued Units
Dato' Seri Robert Tan Chung Meng	5,330,424	0.23	1,477,176,266	63.82
Tan Lei Cheng	21,266,680	0.92	-	-
Elizabeth Tan Hui Ning	500,000	0.02	-	-
Tan Mei Sian	1,291,140	0.06	-	-
Tan Boon Lee	14,464,100	0.62	-	-

* Deemed to have interests in Units held by other corporations by virtue of section 4 of the Capital Markets and Services Act 2007

Unitholding Statistics

As at 14 February 2022
(continued)

30 LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name of Unitholder	No. of Issued Units	% of Issued Units
1	IGB Berhad	1,199,890,022	51.84
2	Wah Seong (Malaya) Trading Co. Sdn Bhd	100,218,340	4.33
3	Tan Chin Nam Sendirian Berhad	84,418,287	3.65
4	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	77,463,300	3.35
5	Hampshire Park Sdn Berhad	65,750,000	2.84
6	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Chin Nam Sendirian Berhad (PB)	57,670,000	2.49
7	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP2)	57,330,000	2.48
8	Wah Seong (Malaya) Trading Co. Sdn Bhd	56,090,247	2.42
9	Tan Kim Yeow Sendirian Berhad	51,190,370	2.21
10	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheah Chin Heng	50,000,000	2.16
11	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore Bch)	37,135,590	1.60
12	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS-PB)	33,899,177	1.46
13	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The HongKong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	32,458,315	1.40
14	Micasa Investments (S) Pte Ltd	30,357,600	1.31
15	Wah Seong (Malaya) Trading Co. Sdn Bhd	17,772,125	0.77
16	Tan Lei Cheng	16,595,865	0.72
17	Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Tan Kim Yeow Sendirian Berhad	16,545,037	0.71
18	Tan Boon Lee	14,464,100	0.62
19	Wah Seong Enterprises Sdn Bhd	12,681,825	0.55
20	Scanstell Sdn Bhd	11,448,520	0.49
21	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Law Tien Seng (PB)	10,000,000	0.43
22	Dasar Mutiara (M) Sdn Bhd	7,496,027	0.32
23	IGB REIT Management Sdn Bhd	7,472,038	0.32
24	Tentang Emas Sdn Bhd	6,552,992	0.28
25	Wah Seong Enterprises Sdn Bhd	6,165,640	0.27
26	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Wye Keong	6,000,000	0.26
27	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (UOB AMM6939-406)	5,984,782	0.26
28	Tan Chin Nam Sendirian Berhad	5,902,245	0.25
29	SLW Sdn Bhd	5,795,237	0.25
30	CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset management Bhd for Che King Tow (ND100-JA)	5,000,000	0.22

Notice of First Annual General Meeting

NOTICE IS HEREBY GIVEN that the First Annual General Meeting (1st AGM) of IGB Commercial Real Estate Investment Trust (IGBCR) will be held as a virtual meeting through live streaming and online remote voting from the Broadcast Venue at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Thursday, 28 April 2022 at 12.00 noon.

Unitholders may participate in the 1st AGM virtually through an online platform provided by IGBCR's unit registry Boardroom Share Registrars Sdn Bhd (Boardroom) which can be accessed at <https://meeting.boardroomlimited.my>. Through the online platform, Unitholders will be able to view the AGM proceedings, ask questions and vote during the meeting. Further information on how to participate is set out in the Virtual AGM Guide.

BUSINESS OF THE MEETING

Ordinary Business

- To receive the Financial Statements of IGBCR (together with the reports of the Trustee, the Manager and the Auditor) for the financial period from date of establishment on 31 March 2021 to 31 December 2021 (Financial Statements and Reports FPE2021).

Special Business

- To consider and, if thought fit, to pass the following as ordinary resolution:

Proposed Unitholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPT Mandate)

THAT authorisation of the Unitholders be and is hereby accorded to IGBCR to enter into all arrangements and/or transactions with the related parties (Transacting Parties) as set out in Section 3.0 of the Circular to Unitholders dated 28 February 2022 (Circular), provided that such arrangements and/or transactions are:

- recurrent transactions of a revenue or trading nature;
- necessary for IGBCR's day-to-day operations;
- carried out in the ordinary course of business, at arm's length and on normal commercial terms not more favourable to the Transacting Parties than those generally available to the public; and
- not detrimental to the minority Unitholders

THAT the RRPT Mandate, unless revoked or varied by IGBCR in general meeting, shall continue for the period ending on the date of the AGM to be held in 2023;

AND THAT the Directors of the Manager be and are hereby authorised to do all such acts, matters, deeds and things as they may consider expedient or necessary in the best interest of IGBCR to give effect to the RRPT Mandate and/or this resolution.

By Order of the Board
IGB REIT MANAGEMENT SDN BHD
(Manager of IGBCR)

Tina Chan
Head of Compliance/Company Secretary
MAICSA 7001659/SSM PC No. 201908000014

Kuala Lumpur
28 February 2022

Explanatory notes of each item on the agenda:

- Financial Statements and Reports FPE2021**
The Board of the Manager has approved the Financial Statements and Reports FPE2021. This document has therefore been adopted. A resolution pertaining to this particular item on the Agenda is not required.
- RRPT Mandate**
Unitholders should note that by approving the ordinary resolution relating to the RRPT Mandate, Unitholders will be authorising IGBCR to enter into RRPT with the Transacting Parties during the Mandate Period, the details of which are set out in the Circular.
- Voting Procedures**
The ordinary resolution relating to the RRPT Mandate will be taken by poll. For this resolution to be passed more than 50% of the votes cast must be in favour. The poll results will be announced through the BursaLINK and will be posted on IGBCR's website www.igbcomreit.com as soon as possible following the 1st AGM.
- Abstention from Voting**
Dato' Seri Robert Tan Chung Meng, Elizabeth Tan Hui Ning, Tan Mei Sian, Tan Boon Lee and Tan Lei Cheng and persons connected to them will abstain from voting on the ordinary resolution in relation to the RRPT Mandate. They had abstained from all Board deliberations and voting on this resolution.

Notice of First Annual General Meeting

(continued)

Notes:

1. A Unitholder entitled to participate and vote at the 1st AGM may appoint 1 or 2 persons as proxies and vote on his/her behalf. A proxy need not be a Unitholder of IGBCR.
2. A Unitholder, who is an authorised nominee, may appoint not more than 2 persons as proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple persons as proxies in respect of each securities account held.
3. Proxy Form in the case of an individual shall be signed by the appointor or his/her attorney, and in the case of corporation, either under its common seal or the hand of an officer or attorney duly authorised.
4. Where a Unitholder appoints 2 proxies, the appointment shall be invalid unless the proportion of the unitholdings to be represented by each proxy is specified.
5. Unitholders at the close of business on 21 April 2022 may participate and vote at the 1st AGM by logging online to Boardroom website at <https://meeting.boardroomlimited.my>. It is important that Unitholders read the Virtual AGM Guide.
6. Proxy Form or any power of attorney under which it is signed or certified or office copy of such power or authority, may be sent via email to: corporate-enquiry@igbcomreit.com or deposited at/posted to the Registered Office of the Manager or submitted electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> to arrive not later than 12.00 noon on Tuesday, 26 April 2022. Any Proxy Form received after that time will not be valid for the scheduled 1st AGM. All valid proxy votes, whether submitted electronically or in printed form, will be included in the poll to be taken at the 1st AGM.
7. Unitholders may call Boardroom Help Line at 603-7890 4700/ 603-7890 4716/ 603-7890 4730 or email to bsr.helpdesk@boardroomlimited.com if they have questions or require assistance on e-Proxy Form submission and the Virtual AGM Guide process to pre-register, participate and vote at the 1st AGM of IGBCR, or encounter any log-in difficulties.
8. Annual Report 2021 and Circular may be viewed and downloaded online at www.igbcomreit.com.

Virtual AGM Guide

Date	: Thursday, 28 April 2022
Time	: 12.00 noon
Broadcast Venue	: Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
Remote Participation Electronic Voting (RPEV) Facility	: Boardroom website at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC-D6A357657)

(1) Virtual AGM

Given that Malaysia and other countries in the world have yet to transition from a pandemic to an endemic due to the emergence of new variants to the SARS-CoV-2 virus, the Board has decided to conduct the 1st AGM as a virtual event without the physical attendance of the Unitholders or their proxies. This measure is intended in particular to avoid health risks for Unitholders, employees, external service providers as well as Board members. The AGM will be held in the physical presence of the Chair of the AGM and members of the Board (with the inclusion, as required, of the Chief Executive Officer (CEO), Deputy CEO and the Chief Financial Officer to attend to questions posed by Unitholders.

Attendance and participation by Unitholders and proxies at the 1st AGM of IGBCR shall be solely by way of the RPEV Facility by logging to Boardroom's website at <https://meeting.boardroomlimited.my>. Unitholders can participate online using smartphone, tablet or computer. By participating online, Unitholders will be able to view a live webcast of the 1st AGM, ask questions/clarifications on the relevant agenda items as well as information on IGBCR's operations via a chat box and submit votes in real time. Unitholders also have the option of submitting questions to the Board prior to the 1st AGM to investorrelations@igbcomreit.com by Friday, 22 April 2022 at the latest. The Board will answer the questions (related to the business of the 1st AGM) at its dutiful and free discretion in the 1st AGM. Unitholders are advised to afford themselves ample time to complete the log-in process in advance of the commencement of the 1st AGM.

The Board of the Manager look forward to Unitholders virtual attendance and the opportunity to engage with Unitholders at the 1st AGM of IGBCR.



(2) RPEV

As the holding of the 1st AGM in the form of a virtual event, Unitholders to pay special attention to the RPEV Facility procedures as summarized below:

Procedure	Action
Before the day of the AGM	
1. Register Online with Boardroom Smart Investor Portal (for first time registration only)	[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.] a. Access website https://investor.boardroomlimited.com b. Click <<Register>> to sign up as a user. c. Complete registration and upload softcopy of MyKAD (front and back) or Passport. d. Please enter a valid email address and wait for Boardroom's email verification. e. Your registration will be verified and approved within one business day and an email notification will be provided.
2. Submit request for remote participation	Registration for remote access will be opened at 12.00 noon on Monday, 28 February 2022. Please note that the closing time to submit your request is at 12.00 noon on Tuesday, 26 April 2022. Individual Member a. Log into website https://investor.boardroomlimited.com using your user ID and password from Step 1 above. b. Select "IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST (1 st) ANNUAL GENERAL MEETING" from the list of Corporate Meetings and click "Enter". c. Click on "Register for RPEV". d. Read and accept the General Terms & Conditions and click "Next". e. Enter your CDS Account Number and thereafter submit your request.

Virtual AGM Guide

(continued)

Procedure	Action
Before the day of the AGM	
2. Submit request for remote participation (cont'd)	<p>Appointment of Proxy</p> <ol style="list-style-type: none"> Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. Select "IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST (1st) ANNUAL GENERAL MEETING" from the list of Corporate Meetings and click "Enter". Click on "Submit eProxy Form". Read and accept the General Terms and Conditions by clicking "Next". Enter your CDS account number and number of securities held. Select your proxy – either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies). Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy appointment. Click "Apply". Download or print the eProxy form as acknowledgement. <p>Corporate Unitholders, Authorised Nominee and Exempt Authorised Nominee</p> <ol style="list-style-type: none"> Write in to bsr.helpdesk@boardroomlimited.com by providing the name of the Member and CDS account number, accompanied with the certificate of appointment of corporate representative or Form of Proxy (as the case may be) to submit the request. Please provide a copy of the corporate representative or proxy's MyKad (front and back) or passport in JPEG, PNG or PDF format as well as his/her email address.
3. Email notification	<ol style="list-style-type: none"> You will receive notification(s) from Boardroom that your request(s) has/have been received and is/are being verified. Upon system verification against the Record of Depositors as at 21 April 2022, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. If your registration for remote participation is approved, you will receive an email notification from Boardroom with the Meeting ID together with your remote access user ID and password. You will also be notified in the event your registration is rejected.
On the day of the AGM	
4. Login to Meeting Platform	<ol style="list-style-type: none"> The Meeting Platform will be open for login one hour before the commencement of the AGM. The Meeting Platform can be accessed via one of the following: <ol style="list-style-type: none"> Scan the QR Code provided in the email notification; Navigate to the website at https://meeting.boardroomlimited.my; Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.
5. Participate	<p>[Note: Please follow the User Guides provided in the confirmation email above to view the live webcast, submit questions and vote. Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All question and messages will be presented with the full name and identity of the participant raising the question.]</p> <ol style="list-style-type: none"> If you would like to view the live webcast, select the broadcast icon.  If you would like to ask a question during the AGM, select the messaging icon.  Type your message within the chat box and once completed, click the send button.
6. Voting	<ol style="list-style-type: none"> Once voting has been opened, the polling icon will appear with the resolutions and your voting choices until the Chairman declares the end of the voting session. To vote, please select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. To change your vote, please re-select your voting preference. If you wish to cancel your vote, please press "Cancel".
7. End of Participation	Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end and the Messaging window will be disabled.

(3) Enquiry

Should you need assistance to access the RPEV Facility and e-Proxy submission, please contact the following persons at Boardroom:

(a) General Line	:	603-7890 4700
(b) Encik Mohamed Sophiee Bin Ahmad Nawawi	:	603-7890 4716
(c) Encik Anas Bin Khalid	:	603-7890 4730
Fax Number	:	603-7890 4670
Email	:	bsr.helpdesk@boardroomlimited.com



PROXY FORM

CDS Account No.	
No. of Units Held	

*I/We (full name as per NRIC/Certificate of Incorporation) _____

NRIC No./Company No. _____ (full address) _____

being a Unitholder of IGB Commercial REIT (IGBCR) hereby appoint:

Name, NRIC No. and Email of Proxy	No. of Units to be represented by Proxy
1. _____	_____
2. _____	_____

or, failing the person named, or if no person is named, the Chairman of the 1st AGM as my/our proxy to act as my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the 1st AGM of IGBCR to be held on Thursday, 28 April 2022 at 12.00 noon.

VOTING DIRECTIONS				
Ordinary Resolution	First Proxy		Second Proxy	
	For*	Against*	For*	Against*
RRPT Mandate				

* Crossing either a "For" or "Against" in the appropriate box or boxes. If you do not mark any of the boxes on the item of business, your proxy may vote as he or she chooses.

Dated this _____ day of _____ 2022 _____
Signature/Common Seal of Unitholder

Notes:

1. A Unitholder entitled to participate and vote at the 1st AGM may appoint 1 or 2 persons as proxies and vote on his/her behalf. A proxy need not be a Unitholder of IGBCR.
2. A Unitholder, who is an authorised nominee, may appoint not more than 2 persons as proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple persons as proxies in respect of each securities account held.
3. Proxy Form in the case of an individual shall be signed by the appointor or his/her attorney, and in the case of corporation, either under its common seal or the hand of an officer or attorney duly authorised.
4. Where a Unitholder appoints 2 proxies, the appointment shall be invalid unless the proportion of the unitholdings to be represented by each proxy is specified.
5. Unitholders at the close of business on 21 April 2022 may participate and vote at the 1st AGM by logging online to Boardroom website at <https://meeting.boardroomlimited.my>. It is important that Unitholders read the Virtual AGM Guide.
6. Proxy Form or any power of attorney under which it is signed or certified or office copy of such power or authority, may be sent via email to: corporate-enquiry@igbcomreit.com or deposited at/posted to the Registered Office of the Manager or submitted electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> to arrive not later than 12.00 noon on Tuesday, 26 April 2022. Any Proxy Form received after that time will not be valid for the scheduled 1st AGM. All valid proxy votes, whether submitted electronically or in printed form, will be included in the poll to be taken at the 1st AGM.
7. Unitholders may call Boardroom Help Line at 603-7890 4700/ 603-7890 4716/ 603-7890 4730 or email to bsr.helpdesk@boardroomlimited.com if they have questions or require assistance on e-Proxy Form submission and the Virtual AGM Guide process to pre-register, participate and vote at the 1st AGM of IGBCR, or encounter any log-in difficulties.
8. Annual Report 2021 and Circular to Unitholders may be viewed and downloaded online at www.igbcomreit.com.

Fold this flap for sealing

Fold along this line (2)

PROXY FORM

Affix
RM0.80
stamp

Head of Compliance/Company Secretary

IGB REIT Management Sdn Bhd 201201006785 (908168-A)

(Manager of IGB Commercial REIT)

Level 32, The Gardens South Tower

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Malaysia

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www.igbcomreit.com

IGB REIT MANAGEMENT SDN BHD

201201006785 (908168-A)

(Manager of IGB Commercial REIT)

Level 32, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia

Tel +603-2289 8989

Fax +603-2289 8802

Email corporate-enquiry@igbcomreit.com