

SOUTHPOINT  
OFFICES & RETAIL

THE GARDENS  
NORTH TOWER



CENTREPOINT  
NORTH

CENTREPOINT  
SOUTH

THE GARDENS  
SOUTH TOWER

# ANNUAL REPORT 2022



MENARA IGB &  
IGB ANNEXE

BOULEVARD  
OFFICES &  
RETAIL

GTOWER



HAMPSHIRE  
PLACE OFFICE

MENARA  
TAN & TAN





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# 2023 ANNUAL GENERAL MEETING

**Broadcast Venue**  
Matahari 3 & 4  
Level 5, Cititel Mid Valley  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

**Day and Date**  
Thursday, 27 April 2023

**Time**  
2.30 pm



QR Code for  
Annual Report 2022

## Corporate Directory

### MANAGER

#### IGB REIT Management Sdn Bhd

201201006785 (908168-A)

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*

#### 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*

#### Dato' Seri Robert Tan Chung Meng

*Non-Independent Non-Executive Director*

#### Tan Lei Cheng

*Non-Independent Non-Executive Director*

#### Tan Boon Lee

*Non-Independent Non-Executive Director*

#### Elizabeth Tan Hui Ning

*Non-Independent Executive Director*

CMSRL/B3789/2013

#### Tan Mei Sian

*Non-Independent Executive Director*

eCMSRL/B9732/2020

### CHIEF EXECUTIVE OFFICER OF THE MANAGER

#### Antony Patrick Barragry

CMSRL/B4114/2013

### 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)

11<sup>th</sup> 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 & 1<sup>st</sup> Floor, Unit 25-G & 25-1

Signature Office, Mid Valley City

Lingkar Syed Putra

59200 Kuala Lumpur

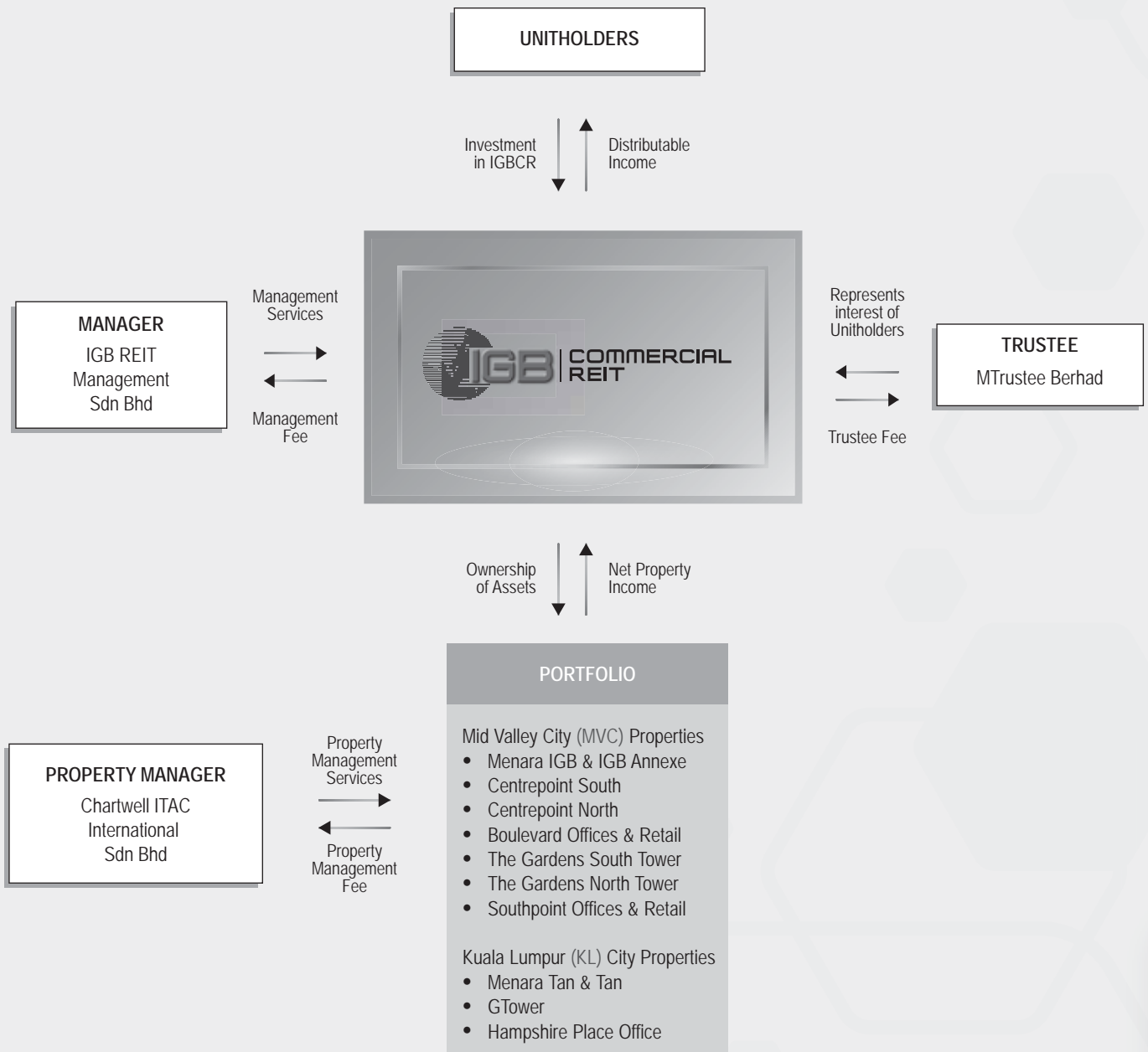
Telephone : 603-2282 0462

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"> <li>the occurrence of any of events listed in Clause 27.2 of the Deed dated 31 March 2021;</li> <li>the date 999 years after 20 September 2021 (the date of establishment of IGBCR); or</li> <li>the date IGBCR is terminated by the Manager under Clause 27.1(b) of the Deed</li> </ul>
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 Assets; (c) Cash, deposits and 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"> <li>at least 75% of IGBCR's total asset value (TAV) must be invested in Real Estate that generates recurrent rental income at all times;</li> <li>the aggregate investments in Property Development Activities (Property Development Costs) and real estate under construction must not exceed 15% of IGBCR's TAV; and</li> <li>such other investment or limits as may be permitted by the SC or the REIT Guidelines</li> </ul>
Distribution Policy	<ul style="list-style-type: none"> <li>At least 90% of IGBCR's distributable income</li> <li>Semi-annual distribution (or at such other intervals as the Manager may decide at its absolute discretion)</li> </ul>
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"> <li>Base Fee: up to 1% per annum of IGBCR's TAV (excluding cash and bank balances which are held in non-interest bearing accounts)</li> <li>Performance Fee: 5% per annum of IGBCR's net property income</li> <li>Acquisition Fee: 1% of the acquisition value</li> <li>Divestment Fee: 0.5% of the disposal value</li> </ul>
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 (Bursa)
Listing Date	20 September 2021
Bursa Stock Name and Code	IGBCR, 5299

## REIT Portfolio

### MID VALLEY CITY PROPERTIES

Properties	Menara IGB & IGB Annexe	Centrepoint South	Centrepoint North	Boulevard Offices & Retail	The Gardens South Tower	The Gardens North Tower	Southpoint Offices & Retail
Type of title	Master				Strata	Strata	Master
Tenure	Leasehold for 83 years expiring on 11 April 2104				Leasehold for 99 years expiring on 6 June 2103		Leasehold for 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 <sup>(1)</sup>				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 <sup>(2)</sup>	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 <sup>(3)</sup>	Part of H.S. (D) 122585, PT 50002 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur <sup>(4)</sup>
Encumbrance and other material endorsements	<ol style="list-style-type: none"> <li>Private caveat lodged by Hong Leong Bank Berhad vide presentation no. PDB6233/2021 dated 9 July, 2021</li> <li>Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6763/2021 dated 27 July, 2021</li> <li>Two private caveats lodged by MTrustee Berhad vide presentation no. PDB7576/2021 and PDB7577/2021 both dated 17 August, 2021</li> </ol>				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"> <li>Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6761/2021 dated 27 July, 2021</li> <li>Private caveat lodged by MTrustee Berhad vide presentation no. PDB7579/2021 dated 17 August, 2021</li> </ol>
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)

### MID VALLEY CITY PROPERTIES (continued)

Properties	Menara IGB & IGB Annexe	Centrepoint South	Centrepoint North	Boulevard Offices & Retail	The Gardens South Tower	The Gardens North Tower	Southpoint Offices & Retail
Type	Commercial						
Appraised value as at 31 December 2022 (RM'000)	189,000	193,000	196,000	80,000	396,000	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 2022 (sq ft)	263,477	233,658	232,366	53,522	425,392	426,544	516,522
Number of tenancies as at 31 December 2022	22	28	26	17	39	26	15
Occupancy rate as at 31 December 2022	75.40 % to 95.90%						
Number of car park bays as at 31 December 2022	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

(continued)

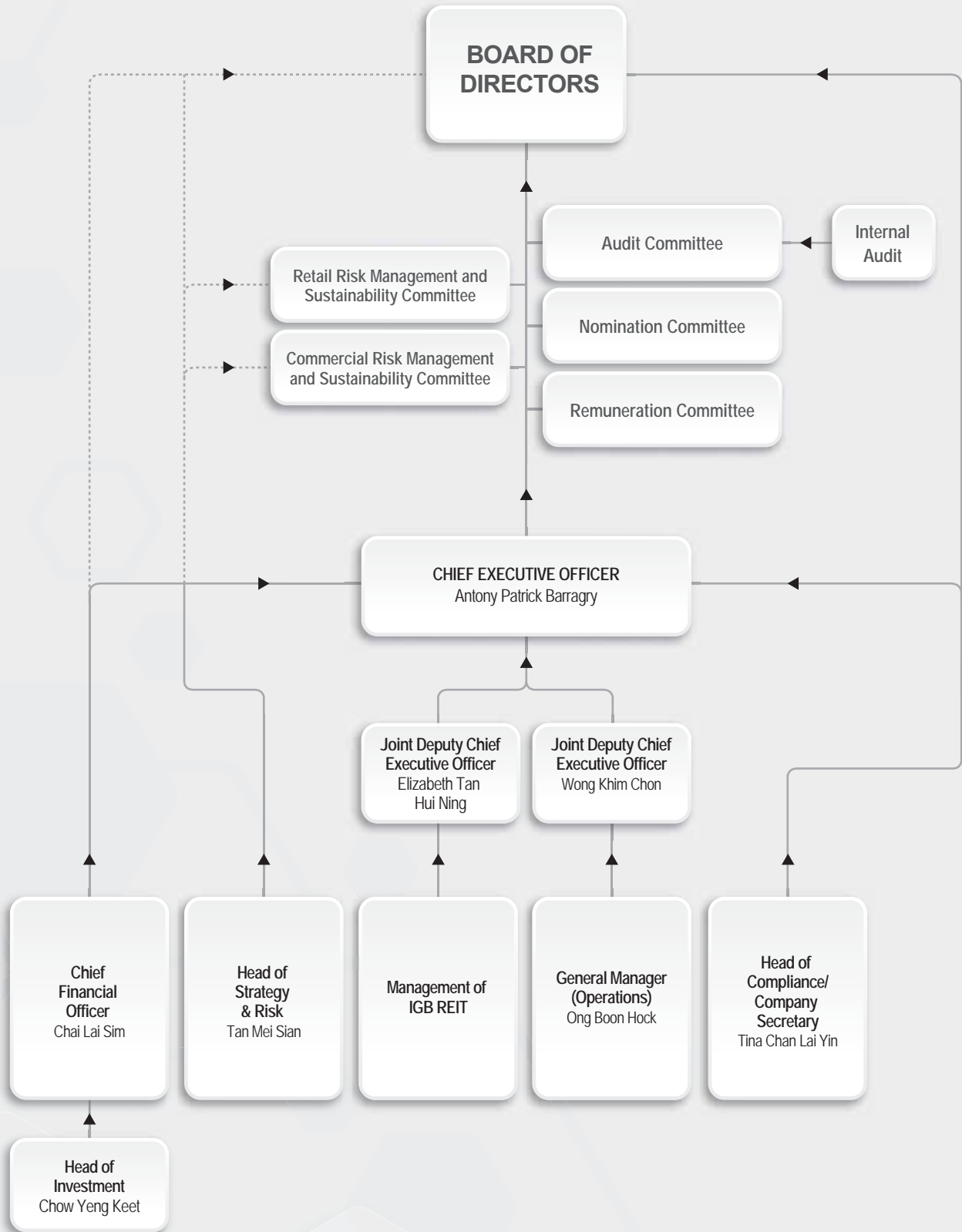
### KL CITY PROPERTIES

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 <sup>(1)</sup>
Encumbrance and other material endorsements	<ol style="list-style-type: none"> <li>Amendment pursuant to Section 380 of National Land Code registered on 21 October, 2021 vide presentation no. PDNB832/2021</li> <li>Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6235/2021 dated 9 July, 2021</li> </ol>	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 2022 (RM'000)	248,000	723,000	178,000
Purchase consideration (RM'000)	239,100	739,800	180,600
NLA as at 31 December 2022 (sq ft)	339,385	746,194	239,253
Number of tenancies as at 31 December 2022	33	85	22
Occupancy rate as at 31 December 2022	62.02% to 66.89%		
Number of car park bays as at 31 December 2022	543	1,044	286

<sup>(1)</sup> Together with accessory parcels A109, A137 and A201 to A234.



## Organisation Structure of the Manager in respect of IGB Commercial REIT



## Profile of Directors



**TAN SRI DATO' PROF.  
LIN SEE YAN**

*(Malaysian, male, age 83)*  
**Chairman/Independent  
Non-Executive Director (INED)**

Board  
Appointment

Board  
Committee(s)

Academic/  
Background/  
Working  
Experience

Public Company  
Directorship(s)

27 April 2012

Nomination Committee (Chairperson)  
Remuneration Committee (Chairperson)  
Audit Committee (Member)

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 of 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.

IGB REIT Management Sdn Bhd (IGB REIT Management) (Manager of IGB Real Estate Investment Trust (IGB REIT) and IGB Commercial Real Estate Investment Trust (IGBCR)) (Chairman)

Ancom Berhad

Nylex (Malaysia) Berhad

Sunway Berhad

Wah Seong Corporation Berhad (WSCB)

## Profile of Directors

(continued)



**HALIM BIN HAJI DIN**

(Malaysian, male, age 76)

**INED**

Board  
Appointment

Board  
Committee(s)

Academic/  
Background/  
Working  
Experience

27 April 2012

Audit Committee (Chairperson)  
Nomination Committee (Member)  
Remuneration Committee (Member)

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 a Member of the Malaysian Institute of Accountants (MIA).

Public Company  
Directorship(s)

IGB REIT Management  
WSCB



**LEE CHING TAI @  
LEE CHEN CHONG**

(Malaysian, male, age 81)

**INED**

Board  
Appointment

Board  
Committee(s)

Academic/  
Background/  
Working  
Experience

27 April 2012

Audit Committee (Member)  
Nomination Committee (Member)  
Remuneration Committee (Member)

Lee Chen Chong 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 (ED) of Malaysian French Bank Berhad (now known as Alliance Bank Berhad) and subsequently appointed the Managing Director (MD) 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 ED in end 2000. He was also ED of Ip Muda Berhad from December 2001 until retiring in January 2008.

Lee Chen Chong is a Fellow of the Chartered Institute of Bankers (FCIB), London.

Public Company  
Directorship(s)

IGB REIT Management

## Profile of Directors

(continued)



**ROBERT ANG KIM PACK**

*(Malaysian, male, age 65)*  
**INED**

Board  
Appointment

Board  
Committee(s)

Academic/  
Background/  
Working  
Experience

26 August 2020

Nomination Committee (Member)  
Remuneration Committee (Member)

Robert Ang is a registered estate agent. He joined Rahim & Co in 1982 and has extensive experience in the field. Robert Ang was the MD 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 Ang has also advised the United Kingdom (UK) 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, he has considerable experience in valuation and property management.

Robert Ang graduated from the University of Waterloo (Canada) with a Bachelor's Degree in Mathematics.

Public Company  
Directorship(s)

IGB REIT Management



**DATO' SERI ROBERT  
TAN CHUNG MENG**

*(Malaysian, male, age 70)*  
**Non-Independent**  
**Non-Executive Director**  
*(NINED)*

Board  
Appointment

Academic/  
Background/  
Working  
Experience

21 March 2012

Dato' Seri Robert Tan, appointed on 21 March 2012, was redesignated as NINED of the Manager on 1 January 2023. Prior to his redesignation, he was MD of the Manager from September 2012 to December 2022.

Dato' Seri Robert Tan, who has been on the Board of IGB Berhad (IGB) Group since 1995, was also redesignated as NINED on 1 January 2023 after he relinquished his position as Group Chief Executive Officer (GCEO) on 31 December 2022. He has held various leadership positions over the course of his 27-year career in IGB Group. He was GCEO on 30 March 2018, and before that, Group MD of IGB Corporation Berhad (IGBC) (delisted and privatised on 16 March 2018 by IGB, then known as Goldis Berhad (Goldis)) from 30 May 2001 to 29 March 2018, and Joint MD from 18 December 1995 to 29 May 2001.

With his operational leadership experiences in IGB Group, Dato' Seri Robert Tan is well regarded for expertise in property development, hotel construction, retail design and development as well as corporate management. After studying Business Administration in the UK, he was attached to a firm of chartered surveyor for a year. He has developed a housing project in Central London before returning to Malaysia. He was involved in various development projects carried out by the IGB Group, notably the Mid Valley City. From inception to the realisation of Mid Valley Megamall (MVM) and The Gardens Mall (TGM) (collectively, MV Malls), he was actively involved in every stage of their developments. He has been instrumental and crucial to the success of the MV Malls.

Dato' Seri Robert Tan's achievements have been recognised by prestigious awards, namely 'The Edge Malaysia Outstanding Property CEO Award 2019' and 'Personality of the Year' in the Des Prix Infinitus Media ASEAN Property Developer Awards 2021/2022.

Public Company  
Directorship(s)

IGB  
IGB REIT Management  
IGBC  
WSCB (Chairman)  
Yayasan Tan Kim Yeow

## Profile of Directors

(continued)



**TAN LEI CHENG**

(Malaysian, female, age 64)  
**NINED**

Board  
Appointment

Board  
Committee(s)

Academic/  
Background/  
Working  
Experience

27 April 2012

Nomination Committee (Member)  
Remuneration Committee (Member)

Tan Lei Cheng has more than 40 years' experience in the property industry and corporate sector. She was Chief Executive Officer (CEO) 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 IGBC and Tan & Tan on 8 May 2002, she assumed the role of Executive Chairman and CEO of Goldis (now known as IGB, which took over the listing of Tan & Tan). Following her retirement on 31 December 2016, she assumed the role as Non-Executive Chairman (NEC) of Goldis. After the privatisation of IGBC by IGB on 16 March 2018, she remains as NEC of IGB.

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.

Public Company  
Directorship(s)

IGB (Chairman)  
IGB REIT Management  
Dato' Tan Chin Nam Foundation



**TAN BOON LEE**

(Malaysian, male, age 59)  
**NINED**

Board  
Appointment

Academic/  
Background/  
Working  
Experience

26 August 2020

Tan Boon Lee is GCEO of IGB, and Exco Chair of Hotel division. Preceding that, he was Deputy GCEO (DGCEO) from 1 June 2018 to 31 December 2022, ED of IGBC (delisted and privatised on 16 March 2018 by IGB, then known as Goldis) from June 2003 to May 2018, and CEO of Tan & Tan (the property-arm of IGBC) from January 2008 to December 2018.

Tan Boon Lee has over 30 years of operational and executive management experience in the property and hotel industries, giving management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He had served as President of Malaysian Association of Hotel Owners from 2002 to 2004.

Tan Boon Lee holds a Bachelor of Economics from Monash University, Australia and a Master of Business Administration from Cranfield School of Management, United Kingdom.

Public Company  
Directorship(s)

IGB (GCEO)  
IGB REIT Management  
IGBC  
Dato' Tan Chin Nam Foundation

## Profile of Directors

(continued)



**ELIZABETH TAN HUI NING**  
(Malaysian, female, age 39)  
**Non-Independent**  
**Executive Director (NIED)/**  
**Joint Deputy Chief Executive**  
**Officer (Joint DCEO)**

Board  
Appointment

27 April 2012

Board  
Committee(s)

Retail Risk Management and Sustainability Committee (RMSC) (Member)

Academic/  
Background/  
Working  
Experience

Elizabeth Tan is NIED and Joint DCEO of the Manager. Elizabeth Tan has led and/or been a key member of the retail management team since IGB REIT was listed in September 2012. Prior to her appointment as Joint DCEO on 1 January 2023, she was Joint Chief Operating Officer and Head of Operations/Leasing (TGM) of the Manager overseeing and managing the day-to-day operations of leasing including asset enhancement strategies.

Elizabeth Tan has close to 19 years of retail management and operations experience; in particular, she was a key member of TGM pre-opening team. She joined Mid Valley City Gardens Sdn Bhd (MVCG), a wholly-owned subsidiary of IGB, in August 2004 as Head of Operations/Leasing, and in January 2011 as ED, then elected CEO, a position she still holds.

Elizabeth Tan was appointed to the Board of IGB on 29 August 2022 as alternate director to Dato' Seri Robert Tan Chung Meng.

Elizabeth Tan holds a Bachelor of Business Administration (First Class Honours) from Cardiff University, Wales, United Kingdom.

Public Company  
Directorship(s)

IGB (Alternate Director)  
IGB REIT Management



**TAN MEI SIAN**  
(Malaysian, female, age 39)  
**NIED/**  
**Head of Strategy & Risk (HSR)**

Board  
Appointment

11 June 2020

Board  
Committee(s)

IGBCR - Commercial RMSC (Member)  
IGB REIT - Retail RMSC (Member)

Academic/  
Background/  
Working  
Experience

Tan Mei Sian was appointed HSR of the Manager on 1 February 2020, a position she still holds, and NIED on 11 June 2020.

Tan Mei Sian is DGCEO of IGB and Exco chair of Group Property Investment (Commercial) and Other Investment divisions. She is an alternate to Tan Lei Cheng on the board of IGB. Prior to her appointment as DGCEO on 1 January 2023, she was Head of Group Strategy & Risk, a role she held until 31 December 2022. Preceding that, she was NIED of Goldis (renamed IGB on 20 March 2018) from 18 May 2016 to 30 August 2018.

Earlier in her career, Tan Mei Sian was 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, UK, Netherlands, China, Taiwan, Hong Kong, Singapore, Malaysia, Thailand and Australia.

Tan Mei Sian graduated with a 2.1 from the London School of Economics and Political Science with a Bachelor of Science in Economics.

Public Company  
Directorship(s)

IGB (DGCEO/Alternate Director)  
IGB REIT Management  
Tan & Tan

### Other disclosures

1. Except for Dato' Seri Robert Tan Chung Meng, Tan Lei Cheng, Tan Boon Lee, Elizabeth Tan Hui Ning and Tan Mei Sian, 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 recurrent related party transactions as disclosed in [Corporate Governance Overview Statement](#).
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 financial year ended 31 December 2022 (FY2022).
5. Details of attendance of Board and Board Committees by each Director held in FY2022 as disclosed in [Corporate Governance Overview Statement](#).
6. Details of unitholdings held by each Director in IGBCR as disclosed in [Unitholding Statistics](#).

## Profile of Management



**ANTONY PATRICK BARRAGRY**

*(British/Permanent Resident of Malaysia, male, age 71)*

*Chief Executive Officer (CEO)*

Academic/  
Background/  
Working  
Experience

Antony Barragry is CEO of the Manager since IGB REIT was listed in September 2012. He is a member of Retail RMSC.

Antony Barragry 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 (MVM); and subsequent, appointed Executive Director (ED) of Mid Valley City Sdn Bhd (MVC), a wholly-owned subsidiary of IGB, in 2002, where he spearheaded the development of more than 6 million square feet of commercial space in Mid Valley City's phase 2 (TGM 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 CEO of MVCG from January 2008 until he relinquished the post in September 2012.

He 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 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 FY2022.



**WONG KHIM CHON**

*Joint DCEO*

Academic/  
Background/  
Working  
Experience

Wong Khim Chon was appointed DCEO of the Manager on 1 June 2021 and redesignated as Joint DCEO on 1 January 2023. He is a member of Commercial RMSC.

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 ED and CEO of AmREIT Managers Sdn Bhd, the manager of listed AmFIRST Real Estate Investment Trust.

He was the Head of GPM of IGB in August 2018 and CEO of IGB Property Management Sdn Bhd (IGBPM) in January 2019 until he relinquished the posts on 31 May 2021.

He also served as the Vice Chairman of the Management Board of the Malaysian REIT Managers Association in 2016.

He 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, UK.

## Profile of Management

(continued)

**ELIZABETH TAN HUI NING**

*Joint DCEO*

Description under the heading Profile of Directors in this Annual Report.

**TAN MEI SIAN**

*HSR*

Description under the heading Profile of Directors in this Annual Report.

**CHAI LAI SIM**

*Chief Financial Officer  
(CFO)*

Academic/  
Background/  
Working  
Experience

Chai Lai Sim is CFO of the Manager since IGB REIT was listed in September 2012.

Chai Lai Sim 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 as Group Financial Controller in 1993. Following the completion of the merger between Tan & Tan and IGBC in 2002, she was appointed Senior Group GM of Group Finance and subsequently as Group CFO of IGBC. After the privatisation of IGBC by IGB on 16 March 2018, she was appointed as Group CFO (GCFO) of IGB.

She is a Member of MIA and MICPA.

**CHOW YENG KEET**

*Head of Investment  
(HOI)*

Academic/  
Background/  
Working  
Experience

Chow Yeng Keet is HOI of the Manager since IGB REIT was listed in September 2012. He is a member of Retail RMSC.

Chow Yeng Keet 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 IGBC in 2004. He was appointed as Senior GM, Corporate Finance of IGBC from 1 January 2017. After the privatisation of IGBC by IGB on 16 March 2018, he resumed the same role at IGB and was appointed Deputy GCFO on 1 January 2023. He is currently Director of Finance of MVC.

He 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 MIA.

**TINA CHAN LAI YIN**

*Head of Compliance/  
Company Secretary  
(HOC/CS)*

Academic/  
Background/  
Working  
Experience

Tina Chan is HOC/CS of the Manager since IGB REIT was listed in September 2012.

Tina Chan 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, 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 took over its listing on 8 May 2002 following the completion of the merger between IGBC and Tan & Tan). She joined IGBC in 1997 and subsequently assumed the role as Senior GM (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.

She is a Fellow of the Institute of Chartered Secretaries and Administrators.



## Profile of Management

(continued)

**ONG BOON HOCK**

*General Manager Operation (GM)  
(Operations)*

Academic/  
Background/  
Working  
Experience

Ong Boon Hock was appointed as GM (Operations) of the Manager on 1 June 2021. He is also a member of Commercial RMSC.

Ong Boon Hock joined IGBPM in November 2019 as 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 Dwitasik 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. He holds a Certificate in Marketing from Stamford College Malaysia.

## Financial Highlights

STATEMENT OF COMPREHENSIVE INCOME	Year Ended 31 December 2022	Financial Period* 31 December 2021
Total revenue (RM'000)	190,433	53,367
Net property income ("NPI") (RM'000)	113,621	36,595
Distribution income (RM'000)	79,466	26,483
Earning per Unit ("EPU") (realised) (sen)	2.72	0.93
Core EPU (sen)	2.72	0.95
Distributable per Unit ("DPU") (sen)	3.42	1.15
Annualised distribution yield (%)	6.28	6.22
Annualised management expense ratio (%)	0.72	0.86

GROSS REVENUE	Year Ended 31 December 2022 RM'000	Financial Period* 31 December 2021 RM'000
MVC Properties	129,932	35,411
KL City Properties	60,501	17,956
<b>Total</b>	<b>190,433</b>	<b>53,367</b>

NPI	Year Ended 31 December 2022 RM'000	Financial Period* 31 December 2021 RM'000
MVC Properties	82,934	25,512
KL City Properties	30,687	11,083
<b>Total</b>	<b>113,621</b>	<b>36,595</b>

\* From 17 September 2021 to 31 December 2021

STATEMENT OF FINANCIAL POSITION	As at 31 December 2022	As at 31 December 2021
Investment properties (RM'000)	3,161,000	3,161,000
Total asset value (RM'000)	3,283,873	3,275,204
Total liabilities (RM'000)	986,210	976,659
Net asset value ("NAV") (RM'000)		
- before income distribution	2,377,337	2,325,028
- after income distribution	2,297,663	2,298,545
NAV per Unit (RM)		
- before income distribution	1.0182	1.0073
- after income distribution	0.9841	0.9958

### MVC Properties

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

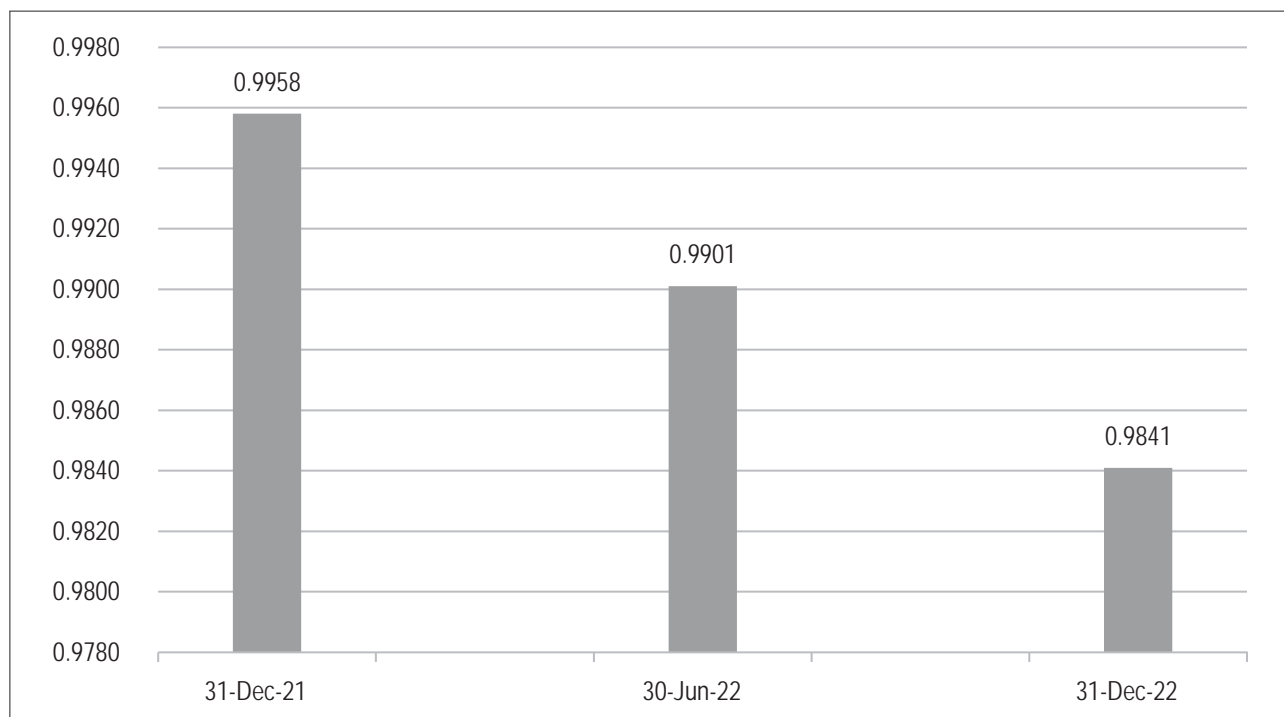
### KL City Properties

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

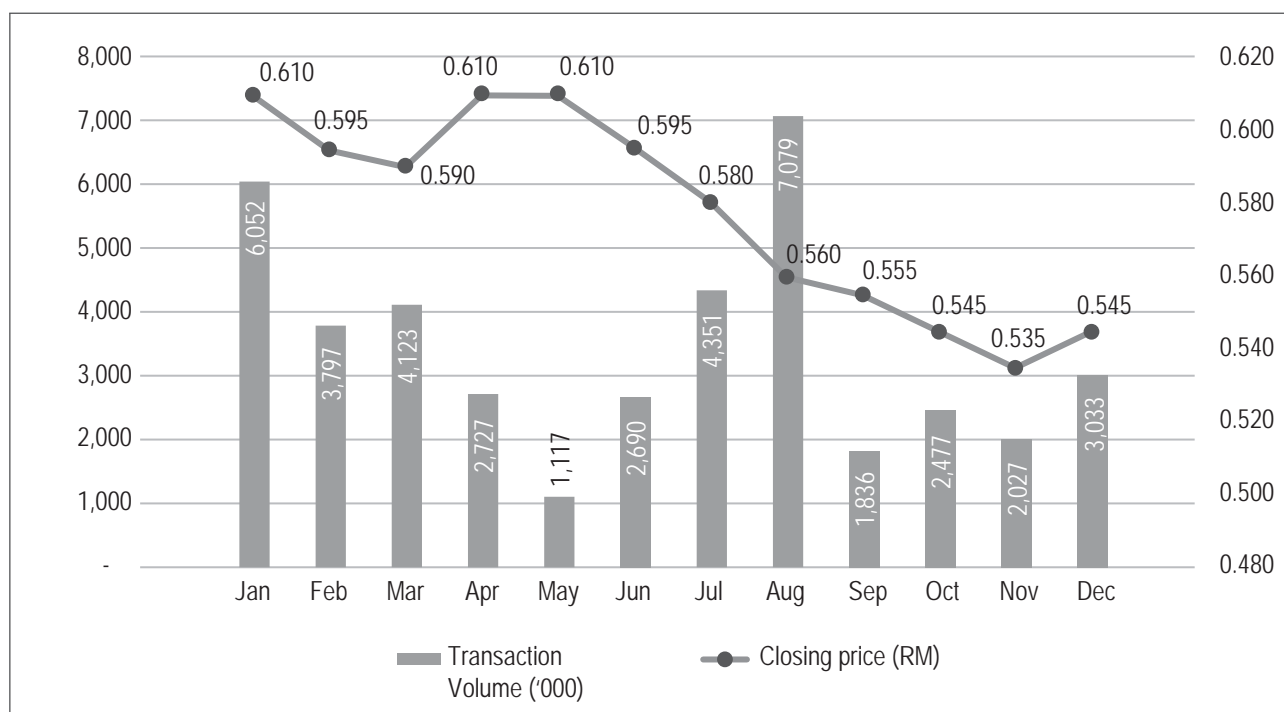
## Financial Highlights

(continued)

### NAV PER UNIT PERFORMANCE (RM)



### UNIT PRICE PERFORMANCE



Trading performance	2022	2021
Closing price as at 31 December (RM)	0.545	0.635
Highest traded price (RM)	0.635	0.740
Lowest traded price (RM)	0.520	0.585
Issued units ('000)	2,334,867	2,308,198
Market capitalisation as at 31 December (RM'000)	1,272,503	1,465,705

## Management Discussion and Analysis

### ABOUT IGB COMMERCIAL REIT

IGB Commercial REIT was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) on 20 September 2021. It was 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's investment objective is to provide unitholders with regular and stable distributions, a sustainable long-term unit price, distributable income, and capital growth, while maintaining an appropriate capital structure.

IGB Commercial REIT's portfolio comprises 10 commercial buildings strategically located in the Klang Valley. These properties have a total net lettable area (NLA) of approximately 3.48 million square feet (sf). As at 31 December 2022, IGB Commercial REIT had a market capitalisation of RM1.27 billion. Its investment properties are independently valued at RM3.16 billion.

### 2022 HIGHLIGHTS

<p><b>Gross Revenue</b></p> <p><b>RM190.43 million</b></p> <p>RM53.37 million in 2021</p>	<p><b>Net Property Income (NPI)</b></p> <p><b>RM113.62 million</b></p> <p>RM36.59 million in 2021</p>	<p><b>NLA</b></p> <p><b>3.48 million sf</b></p> <p>3.47 million sf in 2021</p>
<p><b>Occupancy Rate</b></p> <p><b>77.5%</b></p> <p>71.6% in 2021</p>	<p><b>Distribution per unit (DPU)</b></p> <p><b>3.420 sen</b></p> <p>1.147 sen in 2021</p>	<p><b>Annualised Distribution Yield</b></p> <p><b>6.28%</b></p> <p>6.22% in 2021</p>
<p><b>Property Valuation</b></p> <p><b>RM3.16 billion</b></p> <p>RM3.16 billion in 2021</p>	<p><b>Net Asset Value (NAV) per unit</b></p> <p><b>RM0.9841</b></p> <p>RM0.9958 in 2021</p>	<p><b>Market Capitalisation</b></p> <p><b>RM1.27 billion</b></p> <p>RM1.47 billion in 2021</p>

\* 2021 figures are from 17 September 2021 to 31 December 2021.

### UPTICK IN ECONOMIC ACTIVITY SUPPORTS GROWTH IN THE YEAR

2022 continued to be a year marked by uncertainty despite expectations that with many Covid-19 restrictions lifted and international borders opening, it would be the year that the world returned to a semblance of normalcy. The impact of Covid-19 has been long-lasting, with many countries continuing to grapple with problems that it has caused. Despite this, it has been the Russian war in Ukraine that has dominated global headlines and shaped much of 2022. The conflict disrupted supply chains, threatened global food markets, and fuelled a global cost of living crisis. In Malaysia, Covid-19 restrictions continued to be relaxed, and economic sectors reopened as the country entered the endemic phase on 1 April 2022. This year, growth in the country has been supported by strong domestic demand and continued improvements in the labour market. However, the country has not been spared from the impact of global uncertainties and prolonged challenges brought about by Covid-19, which led to inflationary pressures, among other things.

The office sector has seen improvements in the year, benefitting from an uptick in economic activity and improved business sentiment. Though globally, we are seeing many companies maintain the hybrid working model, in Asia, and in Malaysia in particular, the majority of businesses are now requiring employees to return to the office. In line with this, the focus this year for many businesses has been on reconfiguring spaces, with health and safety (H&S) a top priority; as well as the creation of more flexible and communal spaces for workers to socialise.

IGB Commercial REIT has continued to closely engage with our tenants, working to understand their businesses so that we are able to provide targeted support that positively impacts their bottom line. H&S remains a priority, as we focus on upgrading and improving our buildings so that they stay relevant and competitive in a tenant-led market.

As we close out the first full year of operations since IGB Commercial REIT was listed on the Main Market of Bursa Securities, we are proud to present our Management Discussion & Analysis (MD&A), which covers the period from 1 January 2022 to 31 December 2022 (FY2022).

# Management Discussion and Analysis

(continued)

## FINANCIAL REVIEW

### a) Group Key Financial Highlights

Group Financial Highlights	FY2022 RM'000	FY2021* RM'000
<b>Gross Revenue</b>	<b>190,433</b>	<b>53,367</b>
Total Mid Valley City (MVC) and KL City Properties		
<i>Menara IGB &amp; IGB Annexe</i>	11,810	3,122
<i>Centrepont South</i>	13,528	3,975
<i>Centrepont North</i>	13,891	3,550
<i>The Gardens South Tower</i>	28,238	7,271
<i>The Gardens North Tower</i>	22,682	6,951
<i>Southpoint Offices &amp; Retail</i>	36,231	9,625
<i>Boulevard Offices &amp; Retail</i>	3,552	917
<b>MVC Properties</b>	<b>129,932</b>	<b>35,411</b>
<i>Menara Tan &amp; Tan</i>	13,681	4,174
<i>GTower</i>	37,863	11,002
<i>Hampshire Place Office</i>	8,957	2,780
<b>KL City Properties</b>	<b>60,501</b>	<b>17,956</b>
<b>NPI</b>	<b>113,621</b>	<b>36,595</b>
Total MVC and KL City Properties		
<i>Menara IGB &amp; IGB Annexe</i>	6,402	2,085
<i>Centrepont South</i>	8,344	2,895
<i>Centrepont North</i>	9,227	2,460
<i>The Gardens South Tower</i>	18,922	5,278
<i>The Gardens North Tower</i>	13,489	5,025
<i>Southpoint Offices &amp; Retail</i>	24,025	6,999
<i>Boulevard Offices &amp; Retail</i>	2,525	770
<b>MVC Properties</b>	<b>82,934</b>	<b>25,512</b>
<i>Menara Tan &amp; Tan</i>	7,324	2,528
<i>GTower</i>	18,992	6,966
<i>Hampshire Place Office</i>	4,371	1,589
<b>KL City Properties</b>	<b>30,687</b>	<b>11,083</b>
<b>DPU (sen)</b>	<b>3.420</b>	<b>1.147</b>
<b>Distributable Income</b>	<b>79,466</b>	<b>26,483</b>

\* Financial period 2021 results are not comparable with FY2022 as the previous financing period results were only for one hundred and six days from 17 September 2021 (date of completion of the acquisition of properties) to 31 December 2021.

### b) Statement of Financial Position

Group Statement of Financial Position	As at 31.12.2022	As at 31.12.2021	Change (%)
Investment Properties (RM'000)	3,161,000	3,161,000	0.00
Total Assets Value (RM'000)	3,283,873	3,275,204	0.26
Cash and bank balances (RM'000)	118,963	109,341	8.80
Total Liabilities (RM'000)	986,210	976,659	0.98
NAV (RM'000)	2,297,663	2,298,545	(0.04)
NAV per Unit (RM)	0.9841	0.9958	(1.17)
No. of Issued Units ('000)	2,334,867	2,308,198	1.16

## Management Discussion and Analysis

(continued)

Investment properties are stated at fair value based on valuations performed by an independent registered valuer, Henry Butcher Malaysia Sdn Bhd. The valuer holds recognised relevant professional qualification and has experience in valuing investment properties. Based on the valuation reports dated 5 January 2023, the market values of 10 properties as at 31 December 2022 were RM3.161 billion.

Cash and bank balances as at 31 December 2022 was RM118.96 million, compared with RM109.34 million as at 31 December 2021.

NAV after income distribution as at 31 December 2022 was RM2.298 billion, compared with RM2.299 billion the year before.

IGB Commercial REIT's issued units increased from 2.308 billion as at 31 December 2021 to 2.335 billion as at 31 December 2022, due to the issuance of new units as payment for the Manager fees.

### c) Income Distribution

	FY2022 (RM' 000)	FY2021 (RM' 000)
Income distribution	79,466	26,550
<i>For the period from 1 January 2022 to 30 June 2022</i>	44,932	-
<i>For the period from 1 July 2022 to 31 December 2022</i>	34,675	-
<i>For the period from 31 March 2021 to 31 December 2021</i>	-	26,550
Average Payout ratio (%)	100	100

For the period from 1 January 2022 to 30 June 2022, a distribution amounting to RM44.93 million or 1.93 sen per unit (1.89 sen taxable and 0.04 sen non-taxable) was paid on 29 August 2022.

For the period from 1 July 2022 to 31 December 2022, a distribution amounting to RM34.68 million or 1.49 sen per unit (1.46 sen taxable and 0.03 sen non-taxable) which is payable on 27 February 2023.

### A COMMITMENT TO FORGING LONG-TERM RELATIONSHIPS

Through the years, we have been committed to forging long-term relationships with our tenants. This commitment continues under the REIT as we strongly believe that our success is intrinsically entwined with that of our tenants. The Covid-19 pandemic has reaffirmed this commitment. Through understanding their businesses and challenges, we were able to adapt and provide targeted support during this period.

#### 2022 Operations Overview

We continued to work closely with our tenants, kept up to date with emerging trends, and worked hard to both retain existing tenants and attract prospective ones. Through active engagement with our tenants, we encouraged them to consider advance renewals in order to secure occupancy and rental for the future, as well as cater to changing needs, be it office expansions or contractions. We also worked hard to identify companies within our target market and approached more prospective tenants from these industries.

Our marketing efforts and the increased number of viewings translated to a higher number of new tenancies, while regular tenant engagement has resulted in a higher renewal rate. Our total new tenancies increased from 75,000 sf in 2021, to 269,000 sf in 2022. Average renewal rates also increased from 78% in 2021, to 85% in 2022.

Additionally, following the retrofitting of their chiller, Menara Tan & Tan recorded a 40% reduction in electricity consumption compared to 2019 pre-pandemic levels.

**Table 1: Notable Changes in Occupancy in 2022**

Property	Description
Southpoint Offices and Retail	Occupancy increased to 96% in 2022 from 83% in 2021. Existing tenants increased rented space by 76,000 sf.
Menara IGB & IGB Annexe	Occupancy increased to 76% in 2022 from 68% in 2021.
Centrepont South	Occupancy increased to 89% in 2022 from 82% in 2021.
Centrepont North	Occupancy increased to 89% in 2022 from 78% in 2021.
Boulevard Offices and Retail	Occupancy increased to 89% in 2022 from 69% in 2021.

# Management Discussion and Analysis

(continued)

## *Tenant Support & Engagement*

Throughout the pandemic, companies around the world had to re-evaluate their business models, including their use of physical office space. As Covid-19 restrictions progressively relaxed, particularly as we entered the endemic phase, companies were varied in their approach to requiring their staff to work from the office. As such, we have seen tenants who have looked to downsize their space as well as those who have required an expansion. Regular engagement with our tenants has allowed us to ensure that their needs are met and that we are able to address any concerns that they may have. Where tenants have looked to downsize, ongoing engagement has allowed us to understand their requirements, and in some cases convince them to maintain their tenancy. Where this has not been possible, early engagement has allowed us to seek replacement tenants early on.

We believe that one of the things that sets the properties within our REIT apart from others is our customer service. This commitment to provide our tenants with the best possible care and service extends beyond what is traditionally expected. Our long-term approach to tenant relationships has also meant that we work hard to support them where we can during tougher times.

Events and activities for our tenants were held to help foster closer ties. This year for example, GTower started a pop-up library where tenants and members of the public can borrow books to read at home. They can also contribute to the library by leaving a book for others to borrow. This social initiative seeks to encourage reading amongst people in the building, and with an engagement corner also located in the library, offers tenants a casual and alternative setting to the work place in which to connect. The library was put together by staff of IGB Commercial REIT Building Services and has been built using recycled wood pallets. Blood donation drives were also carried out at GTower and Menara Tan & Tan, with the drive held at the latter done in collaboration with Pusat Darah Negara and our tenant Baker Hughes (M) Sdn Bhd.



*The Pop-Up Library at GTower*

## *Adapting to Changing Needs*

If there is one thing we have learnt through this pandemic, it is that the world is constantly changing, and what we know to be true today can change in a split-second tomorrow. Companies cannot afford to sit on their laurels if they are to survive, they need to be agile, innovative, and adaptable.

As companies look for new office spaces, there is now a greater focus on Health and Safety (H&S), and many have expressed a preference for newer buildings. We have therefore continued to prioritise the H&S of our community through various ongoing initiatives including the frequent disinfection of high touch surfaces in common areas using the SDPRO Disinfection Nanotechnology Antimicrobial Spray, which has an efficacy rate of 99.999% in killing bacteria, viruses, fungi, and mold. The spray also continues to kill microbes 24/7 and prevents the occurrence of re-contamination for 12 months. We have also continued to clean and disinfect high touch surfaces and amenities in all buildings on a daily basis, and work to continually improve the air quality across all buildings.

We also continually embark on asset enhancement initiatives for both the interior and exterior of our buildings to ensure that they remain contemporary and competitive in the market. We are constantly reviewing and upgrading our facilities and amenities where required, and strengthening our Environmental, Social, and Governance efforts. This year for example, we completed the installation of a new air conditioning system at Menara Tan & Tan, upgrading works to the lighting in the main lift lobbies at The Gardens North and South Towers and upgrading works to three lift lobbies at Centrepoint South. Toilet floor tiles in The Gardens North Tower were also replaced, and work to install five additional elevators in GTower are almost complete.

Throughout the year, we continued to actively engage with real estate agencies to market available spaces, and worked to extend our marketing efforts through advertising digitally on property websites as well as on Facebook.

Through these efforts, we have managed to not only retain many of our existing tenants, but secure new tenants in the year. We believe that our commitment to forging long-term relationships with our tenants, agility in adapting to changing needs, and the strategic location, attractive facilities and amenities both within our buildings and in their immediate neighbourhoods, positions us well to remain competitive in the long-run.

## *Challenges in the Year*

2022 was the year our nation came alive again. Families were out and about, business and leisure travel returned, and employees returned to the physical work space. It was not without its challenges however. We had to manage tenants who had decided to downsize or not to renew their tenancies, while actively marketing to prospective tenants who were looking at lower capital outflow for new leases. Many competitors were also offering lower rental packages, increasing competition and putting downward pressure on rental rates. There were also cost pressures from the increase in the electricity tariff and minimum wages, as well as increases to building maintenance and servicing contract costs.

Against this backdrop, we continued to work closely with our tenants to better understand their businesses and challenges, remaining agile in adapting to the changing needs of prospective tenants. We have also had to look at how to enhance and adapt the way we work and use our equipment to effectively manage our costs. To address the increase in building maintenance and servicing contract costs for example, we reviewed all contracts and worked to reduce our engagement of external service providers where possible, using our in-house maintenance and servicing teams instead.

# Management Discussion and Analysis

(continued)

## Looking Ahead

The office sector is expected to see sustained growth in demand in 2023 as companies continue to re-examine their corporate strategies and workplace arrangements. Though the hybrid work model was popular during the transition post-pandemic, a majority of businesses operating in Malaysia have required their workforce to return to the physical workspace. With a new Government in place, market sentiment and foreign investment are also expected to be bolstered, which will bode well for the economy. Malaysia is also expected to benefit from efforts by companies to diversify their global supply chains following disruptions during the pandemic, with companies looking to establish facilities across the ASEAN region, including Malaysia. Offices in the Klang Valley, and in KL City in particular, continue to form the core of the Malaysian office market, as many foreign companies still prefer to have their initial office space in the city, with prime addresses more recognized globally.

2023 will not be without its challenges however. Despite growth in overall demand for office space, supply is expected to continue to outpace demand, exerting downward pressure on rentals and increasing competition in the market as competitors lower their rent to attract prospective tenants. Sustained global uncertainties will continue to impact supply chains and operating costs. This will affect business growth and any expansion plans, and may result in tenants choosing to downsize and prospective tenants opting for more affordable buildings.

IGB Commercial REIT is cautiously optimistic entering 2023 and firmly committed to working closely with our tenants to support their business. We will focus on upgrading our properties, improving efficiency and effectiveness of our processes and equipment to help manage rising costs, and ensure that we create a healthy work environment through prioritizing H&S. We are confident that the properties in our portfolio will continue to remain attractive as they are all strategically located close to public transportation as well as to amenities, and supported by our teams who work hard to ensure that our tenants receive a level of service that consistently goes above and beyond. We believe in investing in the long-term relationships with our tenants and work to build synergy with them.

Our efforts to date have proven to be successful and going into 2023, we have secured tenancies that are scheduled to commence in the first quarter of the year amounting to approximately 69,000 sq ft in MVC, and 36,000 sq ft in the KL City.

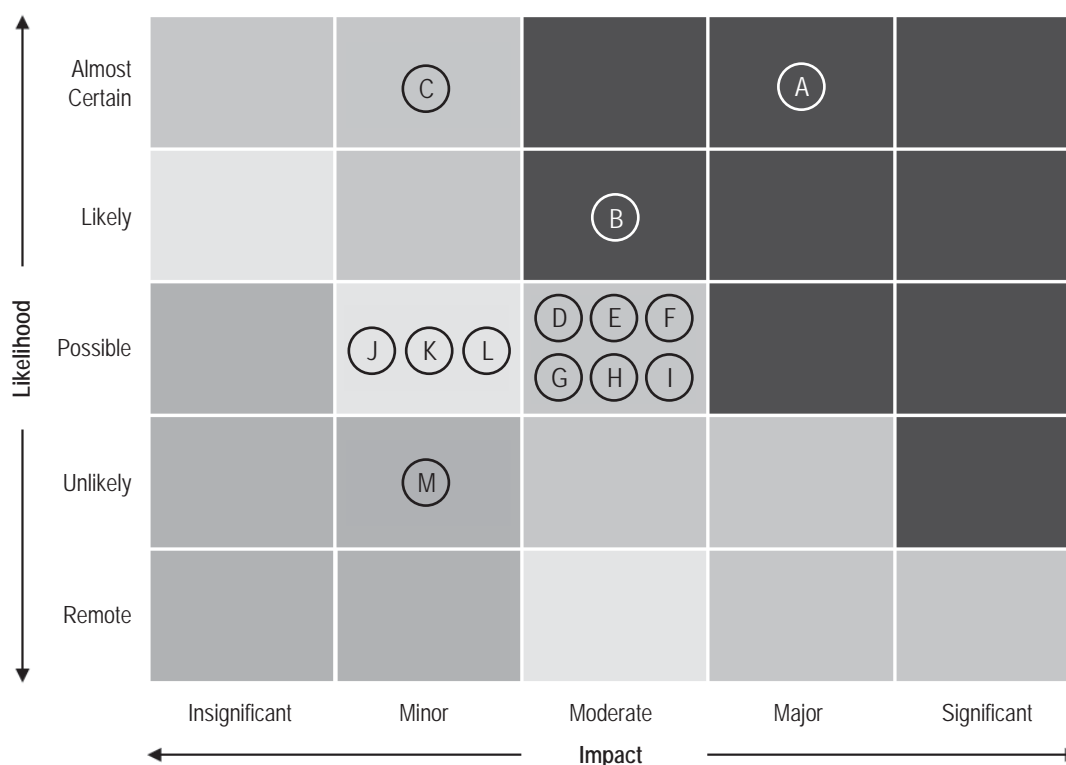
We strongly believe that successful businesses are built on people and communities, and it is only as a strong community that we can successfully weather the toughest storms. As we enter 2023, we remain committed to creating sustained long-term value for our stakeholders, bringing with us the lessons we have learnt in the last few years to strengthen our portfolio and enhance our offerings to existing as well as new tenants.

## 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 Enterprise Risk Management 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 achieve our strategic objectives.

During the year, the following were deemed key risk focus areas in working towards achieving IGB Commercial REIT's strategic objectives.





## Management Discussion and Analysis

(continued)

- |   |  |
|---|--|
| <b>A</b> Business/Market Risk                           | <b>H</b> Security, H&S Risk                |
| <b>B</b> Competition Risk                               | <b>I</b> Information & Cyber Security Risk |
| <b>C</b> Interest Rate Risk                             | <b>J</b> Climate Change Risk               |
| <b>D</b> Tenancy Maturity Risk                          | <b>K</b> Liquidity & Cash Flow Risk        |
| <b>E</b> Regulatory & Compliance Risk                   | <b>L</b> Credit Risk                       |
| <b>F</b> Mechanical, Electrical & Plumbing Failure Risk | <b>M</b> Capital Management Risk           |
| <b>G</b> Talent & Resource Management Risk              |  |

### A. Business / Market Risk

Rising inflation, interest rates, work-from-home trends and an ever-growing supply of office space in the Klang Valley region continue to impact the commercial office market for the year. Despite this, we have continued to ensure that our properties are able to weather the headwinds that have come and will come in the future.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Decline in revenue and NPI due to poor market conditions, loss of tenants and increasing operational costs.</li> </ul>	<ul style="list-style-type: none"> <li>Differentiation through the provision of a high level of services and amenities to our tenants.</li> <li>Strengthen ties with tenants through win-win negotiations in tenancy terms.</li> <li>Improve operational efficiencies to mitigate rising costs.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>Improve our customer service to achieve higher tenant satisfaction.</li> <li>Regular communication with tenants to identify red flags and including flexibility within our tenancy terms to achieve win-win situations.</li> <li>Collaboration with our sister companies under the IGB Group to maximise operational and business synergies.</li> <li>Strict monitoring of operational cost levels and regular review of process efficiencies.</li> </ul>	

### B. Competition Risk

IGB Commercial REIT faces strong competition in the form of new commercial office buildings being injected into an already oversupplied Klang Valley office market.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Loss of tenants to new offices in the surrounding areas resulting in lower occupancy and revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Differentiating our properties from our competitors will provide us with the basis for long-term sustainable performance.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>Our strategies include embedding flexibility into tenancy terms, rebates for early renewals, partnering vendors to provide value-added benefits, and ensuring a high level of service to tenants.</li> </ul>	

### C. 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.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Inability to manage interest rates effectively will result in fluctuations in our interest payment obligations.</li> </ul>	<ul style="list-style-type: none"> <li>Managing interest rates effectively will allow for better financial planning and returns to unitholders and other stakeholders.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>Actively monitor the market changes in interest rates to ensure that any impact from significant fluctuations is managed effectively.</li> </ul>	

## Management Discussion and Analysis

(continued)

### D. Tenancy Maturity Risk

Tenancy maturity risk arises when a significant number of tenancies are not renewed or downsized.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Loss in profitability affecting our returns to unitholders and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Diversifying our tenant mix and spreading out our tenancy expiry portfolio.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>Employ proactive leasing strategies, actively engaged tenants for forward renewals, and spread out the portfolio lease expiry profile.</li> <li>Closely monitor the business sectors of all tenants and worked to support them where appropriate.</li> <li>Continually assess our tenant mix and worked to diversify tenant concentration across business size, type and industry within all properties.</li> </ul>	

### E. Regulatory & 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.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Financial and reputational impact from failure to comply with regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Establishing strong policies and frameworks to ensure utmost operational, financial and legal compliance with regulations.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>Regular monitoring of regulatory requirements with timely updates to our policies and procedures.</li> <li>Ongoing subscription to IGB's Group Anti Bribery and Corruption Policy and Group Whistleblowing Policy.</li> </ul>	

### F. Mechanical, Electrical & Plumbing Failure Risk

Failure to adequately maintain our mechanical, electrical and plumbing (MEP) infrastructure will result in poor performance and service levels over time.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Failure of MEP infrastructure will result in poor tenant satisfaction leading to lower occupancy.</li> </ul>	<ul style="list-style-type: none"> <li>Establishing strong policies and procedures for preventive maintenance will allow for long term sustainable performance.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>Adopt strict maintenance policies with preventive maintenance conducted regularly.</li> <li>Completed upgrading of GTower's building automation system.</li> <li>Ongoing installation of 5 new lifts in GTower.</li> <li>Ongoing rectification of lifts in Menara Tan &amp; Tan.</li> </ul>	

### G. Talent & Resource Management Risk

The people who run our properties form the most important part of our business. Chartwell ITAC International Sdn Bhd (Property Manager) has engaged IGB Property Management Sdn Bhd (Service Provider) to employ and manage our talents.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Significant impact in business operations if unable to attract, retain and develop talent.</li> </ul>	<ul style="list-style-type: none"> <li>Including talent development and succession planning as key strategies for IGB Commercial REIT.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>The Service Provider has continued to invest in our people through talent development (training, professional certification, etc) and competitive employment packages (including medical coverage, insurance and other benefits).</li> <li>Other areas of focus by the Service Provider includes identifying potential staffing gaps and redeploying staff where required, reviewing existing succession plans, and exploring initiatives to better retain staff.</li> </ul>	

## Management Discussion and Analysis

(continued)

### H. Security, Health & Safety Risk

Security, health & safety incidents that occur in our properties affect the lives of the people in 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.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Loss in profitability and long-term sustainability of our business due to reputational loss.</li> </ul>	<ul style="list-style-type: none"> <li>Embed strong safety measures and recovery plans within our operations.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>All security, health &amp; safety incidents occurring within our properties are tracked and investigated with the necessary follow up actions.</li> <li>Regular safety briefings, trainings, and inspections (including annual fire drills) are carried out to ensure compliance with the Occupational Safety and Health Act, and to manage safety risks within our properties.</li> <li>Our Safety, Health, and Environment Committee meets once every quarter to review all matters pertaining to health and safety within our properties.</li> <li>Continually invest in the training of our security teams as well as in electronic security devices which help to monitor, detect, and deter crime.</li> <li>Ongoing preventive measures to keep infectious diseases at bay (e.g. face masks for staff, sanitising stations throughout our properties, air purifiers in all elevators, etc).</li> </ul>	

### I. Information & Cyber Security Risk

In the ever-evolving digital era, our information technology systems face threats of breach or failure that could lead to lost, leaked or compromised confidential data.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Disruptions to IGB Commercial REIT's operations from loss of key data.</li> <li>Financial implications from data breach of confidential tenant and customer data.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a strong cyber security process within our information security systems.</li> <li>Establish a business continuity plan (BCP) and recovery plans in case of a breach/attack.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>Established a BCP for IGB Commercial REIT which is supplemented by IGB Berhad's Group Information Technology (IT) BCP.</li> <li>Subscribed to IGB's Cybersecurity Policy &amp; IT Acceptable Use Policy.</li> <li>Deployed critical cybersecurity software including ransomware protection, log management and privilege access management across key systems</li> <li>Regular cyber security trainings through e-portals as well as ad hoc social engineering tests throughout the year.</li> </ul>	

### J. Climate Change Risk

Climate change risk has become more prominent as communities face storms, floods, droughts, extreme heat, and other risks.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Physical risks include floods, water seepage, extreme heat effects on our buildings, etc.</li> <li>Transitional risks include taxation or penalties imposed by authorities on carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Establishing high levels of efficiency in energy, water, waste and material management will lead to lower operating costs.</li> <li>Developing resilience to climate change will allow for long term sustainable performance.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>Ongoing efforts to improve energy and water usage efficiency within our properties.</li> <li>Ongoing recycling initiatives to divert waste from landfills.</li> </ul>	

## Management Discussion and Analysis

(continued)

### K. Liquidity & Cash Flow Risk

Liquidity & cash flow risks arises when funds are inadequate to meet financial obligations.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Significant impact in business operations if inadequate funds are available.</li> </ul>	<ul style="list-style-type: none"> <li>Establishing strong financial control policies reduces unexpected interruptions in our business operations and provides avenues for further expansion.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>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.</li> <li>Adhere to the limits on total borrowings set by the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts.</li> </ul>	

### L. 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.

Potential Impact	Opportunities
<ul style="list-style-type: none"> <li>Financial loss from having to impair uncollectible receivables.</li> </ul>	<ul style="list-style-type: none"> <li>Establishing stringent tenant due diligence and credit collection policies to maintain low exposure to outstanding receivables.</li> </ul>
Mitigating Actions	
<ul style="list-style-type: none"> <li>Strict selection of tenants with on-going monitoring of credit balances via compliance with standard operating and reporting procedures.</li> <li>Cash, cash equivalents and deposits are only held with financial institutions with high credit ratings assigned by credit rating agencies.</li> </ul>	

### M. Capital Management Risk

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.

Potential Impact	Opportunities	
<ul style="list-style-type: none"> <li>Inability to maintain a going concern will result in a decline in the value we are able to deliver to the unitholders and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining an efficient capital structure allows for long-term sustainable performance and returns to the unitholders and other stakeholders.</li> </ul>	
Mitigating Actions		
<ul style="list-style-type: none"> <li>The Manager's ongoing 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.</li> <li>The gearing profile of IGB Commercial REIT is as follows:-</li> </ul>		
	31.12.2022	31.12.2021
	RM' million	RM' million
Borrowings	853	851
Cash and bank balances	119	109
Net gearing	734	742
Total Unitholders' fund	2,298	2,299
Net gearing (%)	32%	32%
Loan-to-total asset value (LTV) (%)	26%	26%
<p><i>Securities Commission allowable gearing limit for M-REITS is 60% of TAV as at 31 December 2022.</i></p>		

# Sustainability Statement

## 1. INTRODUCTION

This year marks IGB Commercial REIT's first Sustainability Statement that covers a full 12 months. This report seeks to disclose to our stakeholders how we have continued to integrate sustainability into our policies, structure, management, and operations; and have ensured that sustainability sits at the core of our business decisions, guiding our long-term strategies. It also highlights our management of material risks and opportunities as we strive to build a resilient and sustainable business that positively impacts our communities.

It is with great pleasure that we present IGB Commercial REIT's Sustainability Statement for the financial year ended 31 December 2022 (FY2022), which covers the performance of 10 properties within our portfolio. Our Mid Valley City properties include: Southpoint Offices and Retail, Boulevard Offices and Retail, The Gardens North Tower, The Gardens South Tower, Centrepoint North, Centrepoint South, and Menara IGB & IGB Annexe. Our KL City properties include: GTower, Menara Tan & Tan, and Hampshire Place Office. The reporting period covered in this Sustainability Statement is from 1 January 2022 to 31 December 2022.

## 2. OUR COMMITMENT TO ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

The Covid-19 pandemic has reignited discussions about sustainability and the urgency with which we need to address it. We have seen how closely intertwined the well-being of humankind is with the environment, and have learnt that sustainability must go beyond just looking at the environmental impact that we have on our planet if we are to create long-term value. Social and governance aspects also need to be considered if we are to be prepared to weather future crises or disruptions. This renewed emphasis on the importance of ESG elements has resulted in many companies reviewing their approach to sustainability, and reshaping their business to ensure that they are geared towards a more sustainable economy where focus is not just on growth alone, but on responsible and sustainable growth.

Long before IGB Commercial REIT was established, our commercial properties had already individually embarked on their sustainability journeys and were working hard to embed sustainability in their growth strategies. We believe that with the establishment of the IGB Commercial REIT, we will be able to elevate these efforts, making more impactful decisions as we move forward.

Today, IGB Commercial REIT remains steadfastly committed to ensuring that sustainability sits at the core of our business and to contributing to enhancing the economic and social well-being of our stakeholders. In order to remain viable as a business in the long-term, it is imperative that we continue to focus on building long-term relationships with our tenants, keep up with the changing needs of the market, and enhance our properties to ensure that they remain fresh and relevant. To support our sustainability journey, internal programmes to educate our employees and tenants about sustainability are being planned for 2023, and we are in the midst of exploring the alignment of our disclosures with recognised international reporting frameworks and guidelines as recommended by Bursa Malaysia Securities Berhad over the next few years.

### Our Purpose

IGB Commercial REIT operates with a clear purpose. Our business approach seeks to create long-term value for our stakeholders whilst taking into account our impact on the economic, ecological and social environments we operate in.

<p><b>Preserve the Environment</b></p> <p>By ensuring we implement measures that conserve, repair, and reverse trends that affect our planet's natural resources and environment.</p>	<p><b>Build Better Communities</b></p> <p>By continuously reaching out and supporting our <i>rakyat</i> where necessary.</p>	<p><b>Expand the Circular Economy</b></p> <p>By adopting green technology and embarking on resource recovery efforts such as recycling and waste management.</p>
<p><b>Build Business Sustainability</b></p> <p>By working towards a robust business model supported by good governance which benefits all our stakeholders.</p>	<p><b>Strive for a Safe &amp; Meaningful Workplace</b></p> <p>By prioritising health and safety measures for our employees.</p>	<p><b>Strengthen Talent</b></p> <p>By enhancing specialist skills and knowledge to elevate talent within our industry.</p>

## 3. OUR ESG GOVERNANCE STRUCTURE

The Board is ultimately responsible for IGB Commercial REIT's sustainability strategy and performance. It sets the strategic direction of the organisation, approving our risk strategy including risk appetites and policies. The Board set up a Commercial Risk Management and Sustainability Committee (Commercial RMSC) which works to ensure the REIT's continued progress and improvement through developing and reviewing strategy and risk reports, as well as assisting the Board in undertaking a supervisory role in the implementation of strategies and plans as agreed. The Commercial RMSC also monitors the performance and outcomes of all plans carried out, reviewing any material risk and escalating any risk-related issues to the Board.

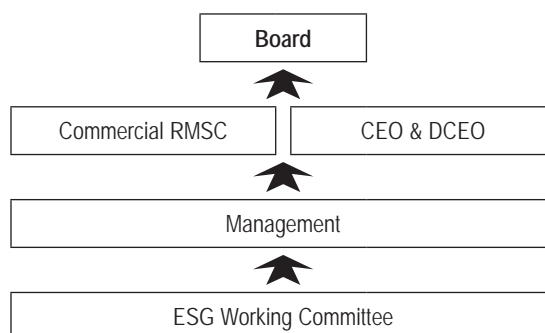
## Sustainability Statement

(continued)

This year an ESG Working Committee was set up comprising the heads of functional units. We believe that the establishment of this committee will help us have a clearer consolidated perspective and assist in identifying sustainability gaps, allowing us to be more effective in implementing initiatives that are aligned with our purpose. The ESG Working Committee is responsible for assisting management in identifying, proposing, implementing and tracking all strategies and action plans as set out by the Board and Commercial RMSC.

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:



#### 4. MATERIALITY PROCESS

##### Feedback Channels

Regular stakeholder engagement is a critical part of our business. It allows us to gain insights into what matters to them and their expectations, and take those into account as we develop our medium- and long-term strategies, as well as manage our operations on a day-to-day basis. Additionally, with this understanding, we are able to map out the sustainability matters that are material to both IGB Commercial REIT and our stakeholders. This helps us prioritise our resources and ensure that we continue to build a business that remains relevant to our communities and continues to be viable in the long-run.

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

**Table 1: Summary of Stakeholder Feedback Channels**

Stakeholder Group	Engagement Approach	Engagement Objectives
Business Partners	<ul style="list-style-type: none"> <li>Annual Report and Sustainability Statement</li> <li>Regular dialogue and engagement through various corporate events held throughout the year as well as through meetings and discussions organised</li> </ul>	<ul style="list-style-type: none"> <li>To build long lasting and trusted relationships</li> <li>To share knowledge</li> <li>To discover business opportunities</li> </ul>
Government & Authorities	<ul style="list-style-type: none"> <li>Regular communication and consultation with the government and authorities through physical and virtual meetings as required</li> <li>Participation in industry associations, forums and dialogues. For example, Lembaga Penilai, Pentaksir, Ejen Harta Tanah dan Pengurus Harta (LPPEH)</li> </ul>	<ul style="list-style-type: none"> <li>To fulfil legal and compliance requirements</li> <li>To fulfil reporting requirements</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Regular employee engagement, for example through employee satisfaction surveys, appraisals, training programmes and internal staff communication and newsletters, as well as team activities organised</li> </ul>	<ul style="list-style-type: none"> <li>To support human capital development and employee retention</li> <li>To communicate employee benefits and welfare matters</li> <li>To support the creation of a safe and inclusive working environment</li> </ul>
Investment Community	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>To keep the investment community informed of financial performance, as well as key business activities and decisions</li> <li>To listen and respond to shareholder concerns and interests</li> </ul>
Tenants	<ul style="list-style-type: none"> <li>Feedback received from tenants through various feedback channels such as physical and virtual meetings and discussions organised through the year, as well as through feedback and enquiry channels that are in place</li> </ul>	<ul style="list-style-type: none"> <li>To support sustainability awareness</li> <li>To facilitate operational practices and the maintenance of properties</li> <li>To respond to queries and / or complaints</li> </ul>

# Sustainability Statement

(continued)

## Material Sustainability Matters

We work hard to ensure that our identified material sustainability matters remain relevant to our business through regular stakeholder engagement, ensuring that we are aligned with our industry peers both within Malaysia as well as internationally, and through keeping up with economic and sustainability developments across the region and the world.

This year, we have made several adjustments to our identified material sustainability matters, including the introduction of two new ones. IGB Commercial REIT's 2022 Material Sustainability Matters, listed in no particular order, are set out below.

**Table 2: List of Material Sustainability Matters**

New Material Sustainability Matters	Description & Significance
Anti-Corruption	<ul style="list-style-type: none"> <li>We have a zero-tolerance approach to all forms of bribery and corruption within the organisation and across our supply chains, and are committed to the prevention of employee misconduct.</li> <li>Corruption is detrimental to the organisation and exposes it to financial, legal, and reputational risks.</li> </ul>
Data Privacy & Security	<ul style="list-style-type: none"> <li>We take data privacy and security very seriously, and work to put in place critical cybersecurity software as well as educate employees about common cyber threats and vulnerabilities.</li> <li>A failure to protect personal data and comply with data privacy regulations is detrimental to the organisation and exposes it to financial, legal, and reputational risks.</li> </ul>
Community/Society (previously Supporting Communities)	<ul style="list-style-type: none"> <li>We are committed to contributing to a better society and ensuring that our business operations positively impact our local communities.</li> <li>In supporting our communities, we build goodwill and establish a positive reputation, which in turn helps support our business in the long-run.</li> </ul>
Energy Management (previously Energy Conservation)	<ul style="list-style-type: none"> <li>We work to reduce our environmental impact through effective energy management. This is achieved through internal controls and monitoring mechanisms as well as the installation of energy saving fixtures.</li> <li>With good energy management, we are supporting improved environmental outcomes which contribute to the sustainability of our planet, the welfare of humankind, and are helping to create value for our business in the long-run.</li> </ul>
Human Capital Management	<ul style="list-style-type: none"> <li>We believe that employees are key to the growth and success of our business. The Service Provider* works to ensure that all employees are engaged, fairly remunerated, and given opportunities to strengthen their skills and competencies, allowing them to create value and contribute to the objectives of the REIT.</li> <li>Good human capital management helps attract and retain talent, who in turn help create value for the organisation and contribute to our sustainability.</li> </ul>
Health, Safety & Security	<ul style="list-style-type: none"> <li>We are committed to prioritising the health, safety, and security of our communities, including our employees, tenants, suppliers, and all visitors to our properties. We institute health and safety measures, and work in collaboration with local enforcement agencies to maintain a safe work environment.</li> <li>Prioritising health and safety promotes a healthy work environment and bolsters our reputation in the market. Additionally, with businesses and individuals placing an increasing importance on it, particularly following Covid-19, it also helps attract and retain tenants.</li> </ul>
Water Management	<ul style="list-style-type: none"> <li>We are committed to effective management of our water consumption through water conservation efforts.</li> <li>With good water management, we are supporting improved environmental outcomes which contribute to the sustainability of our planet, the welfare of humankind, and are helping to create value for our business in the long-run.</li> </ul>
Waste Management	<ul style="list-style-type: none"> <li>We are committed to effectively and responsibly managing our waste through our recycling efforts.</li> <li>With good waste management, we are supporting improved environmental outcomes which contribute to the sustainability of our planet, the welfare of humankind, and are helping to create value for our business in the long-run.</li> </ul>

\* MTrustee Berhad (the Trustee), Chartwell ITAC (the Property Manager), and IGB Property Management Sdn Bhd (the Service Provider), entered into an agreement wherein the Service Provider provides qualified and experienced personnel who manage, operate, maintain, and market the properties under IGB Commercial REIT.

# Sustainability Statement

(continued)

This year we included two new material sustainability matters, namely Anti-Corruption and Data Privacy & Security.

## 1. Anti-Corruption

A company's reputation can support its continued success, or it can bring about its downfall. IGB Commercial REIT is committed to maintaining a strong and positive reputation in the market. We abide by all laws and regulations, and are committed to upholding our reputation for being honest and trustworthy, and for providing excellent service. Additionally, IGB Group adopts a zero-tolerance approach to all forms of bribery and corruption within the organisation and across its supply chains. This applies to all its subsidiary companies, including IGB Commercial REIT. Given its importance and potential impact on our business, we have included Anti-Corruption in our list of material sustainability matters.

## 2. Data Privacy & Security

Today, the pace at which advancements are made in technology and in the digital sphere are phenomenal, and with these advancements, the threats to data privacy and security are ever increasing. Companies who do not take these threats seriously and who do not take proactive steps to mitigate these risks may be exposed to financial, legal, and reputational risks.

IGB Commercial REIT takes data privacy and security very seriously, and works hard to put in place critical cybersecurity software as well as educate employees about common cyber threats and vulnerabilities. Given the potential impact on our business, we have included Data Privacy & Security in our list of material sustainability matters.

We have also amended the names of two existing material sustainability matters, and incorporated "Security" under "Health & Safety".

- "Supporting Communities" is now "Community/Society": Society was added as it was felt that the word covers a broader scope and context which is more applicable for our business.
- "Energy Conservation" is now "Energy Management": Our initiatives relating to energy go beyond just conservation, and as such we wanted the name used to reflect the broader scope.

### (a) Embracing Environmental Stewardship

#### Energy Management

With industrialisation and globalisation, societal demand for energy has been on an upward trajectory, with fossil fuels still satisfying the majority of energy demands worldwide today. What has resulted is the increasing production of greenhouse gases and air pollution which have contributed to climate change and has had a detrimental effect on the well-being of humans and other living organisms. The challenge today is to find a way to fulfil energy demands without further degrading the environment.

This year, IGB Commercial REIT continued to monitor our energy consumption and install energy saving fixtures in an effort to conserve and more efficiently use energy across our properties. Overall electricity consumption increased from last year however, as more tenants have returned to the office. It is worth noting that our electricity consumption in the year increased 7.4% from 2021, but was still 5.9% lower than that in 2020. The most significant reduction in electricity consumption was contributed by Menara Tan & Tan, as a result of the installation of a new chiller system which started operations in January 2022. The new chiller system resulted in savings of 44% from the 2019 levels. This year, we also performed several energy audits on our heat exchangers and chiller plantroom in order to monitor equipment efficiency and identify areas for improvements.

**Table 3: Breakdown of Electricity Consumption (kWh)**

		2020	2021	2022
1.	Southpoint Offices and Retail	6,091,862	5,418,253	6,785,149
2.	The Gardens North Tower	1,988,801	1,830,997	2,132,611
3.	The Gardens South Tower	2,145,762	1,981,057	2,206,653
4.	Centrepont North	742,363	628,019	729,906
5.	Centrepont South	1,120,050	709,495	774,453
6.	Menara IGB & IGB Annexe	1,207,359	954,702	982,366
7.	GTower	7,514,346	6,456,788	6,590,133
8.	Menara Tan & Tan	2,905,528	2,502,098	2,043,063
9.	Hampshire Place Office	2,090,886	2,119,267	2,031,128
		<b>25,806,957</b>	<b>22,600,676</b>	<b>24,275,462</b>

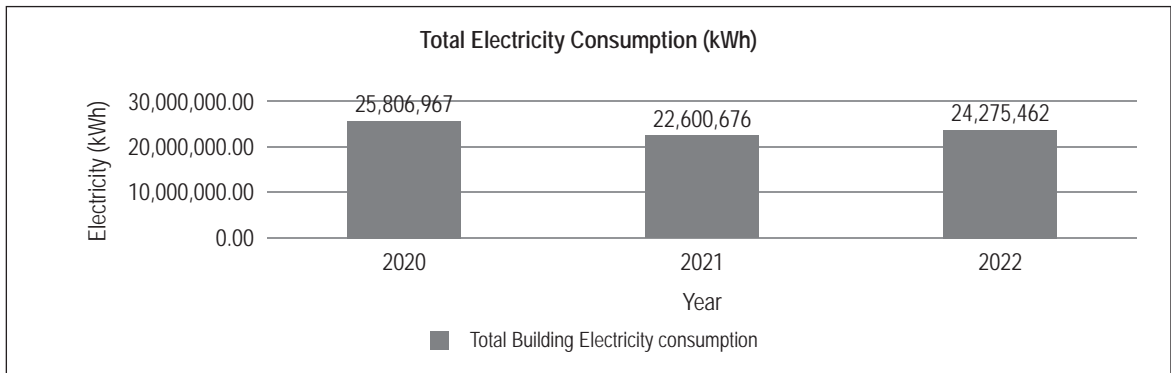
\* It should be noted that no data is available for Boulevard Offices and Retail as it is a strata title property and therefore the common area electricity usage is borne by the Joint Management Body.



# Sustainability Statement

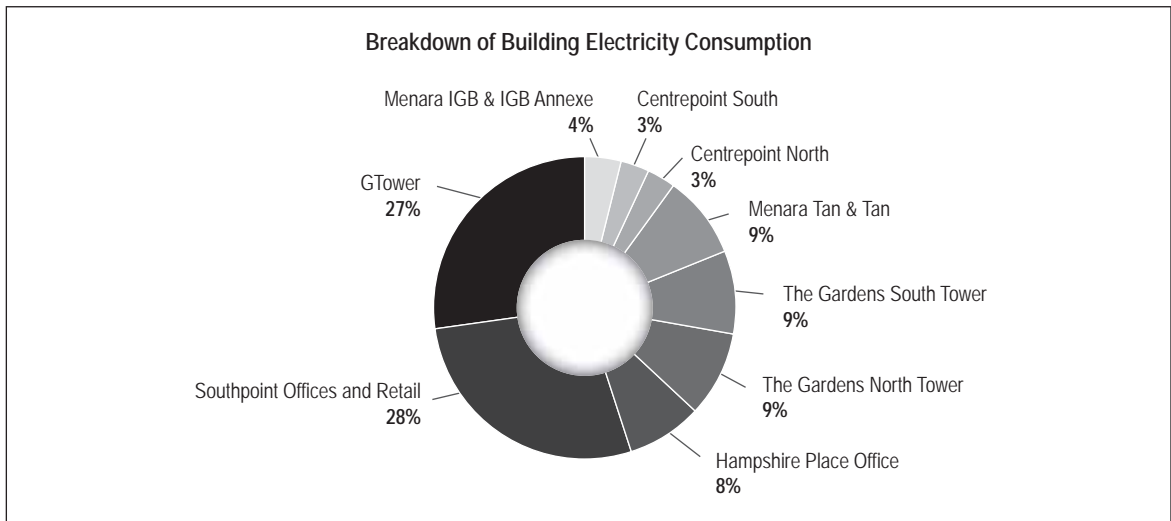
(continued)

Chart 1: Electricity Consumption by Year (kWh)



\* It should be noted that no data is available for Boulevard Offices and Retail as it is a strata title property and therefore the common area electricity usage is borne by the Joint Management Body.

Chart 2: Electricity Consumption by Property (kWh)



\* It should be noted that no data is available for Boulevard Offices and Retail as it is a strata title property and therefore the common area electricity usage is borne by the Joint Management Body.

Moving forward, we remain committed to improving the overall management of energy consumed, and will continue to explore opportunities for further energy conservation. In 2023, as economic activity returns to normal, and tenants return to the physical workspace, we expect energy consumption to stabilise and anticipate continued improvements in our energy consumption going forward.

### Water Management

Water scarcity is an increasing problem across the world. As populations continue to grow, and resource intensive economic development continues, water resources and infrastructure are failing to meet accelerating demand. Moreover, as a result of climate change, water scarcity is expected to intensify.

IGB Commercial REIT continues to be committed to managing our water consumption responsibly, seeking ways to keep consumption to a minimum. This year however, we recorded a 28% increase in total water consumed as compared to 2021. This was due to the easing of Covid-19 restrictions early on in the year which led to more visitors and tenants coming back to the office. It should be noted that consumption this year was still 3.9% lower than that in 2020.

IGB Commercial REIT also carries out rain water harvesting at our Southpoint property. In 2022, a total of 1,006.7m<sup>3</sup> of water was collected, equivalent to 2% of total water consumption for the property, or 0.4% of water consumed across all our buildings.

## Sustainability Statement

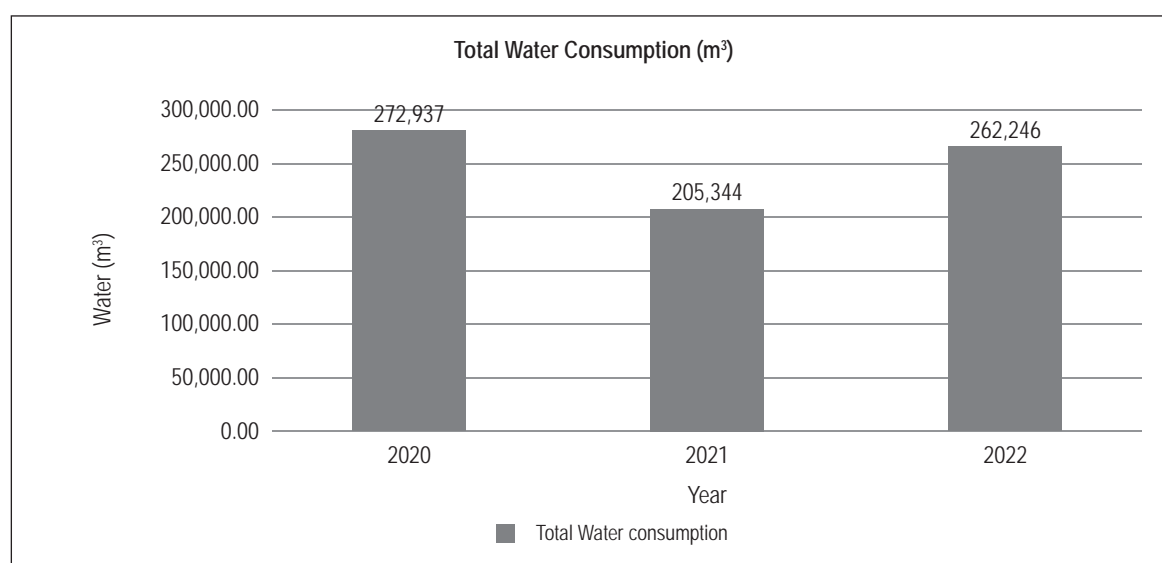
(continued)

Table 4: Breakdown of Water Consumption (m<sup>3</sup>)

		2020	2021	2022
1.	Southpoint Offices and Retail	39,718	38,472	50,814
2.	The Gardens North Tower	19,539	18,450	22,077
3.	The Gardens South Tower	26,052	28,162	32,657
4.	Centrepoint North	12,537	6,343	9,802
5.	Centrepoint South	12,932	8,504	13,781
6.	Menara IGB & IGB Annexe	10,015	5,984	8,606
7.	GTower	92,292	66,420	84,034
8.	Menara Tan & Tan*	26,697	18,930	17,071
9.	Hampshire Place Office	33,156	14,080	23,404
		<b>272,938</b>	<b>205,345</b>	<b>262,246</b>

\* It should be noted that the decrease in water consumption recorded at Menara Tan & Tan is due to a faulty water meter which was detected in March 2022, and replaced in April 2022. It should be noted that no data is available for Boulevard Offices and Retail as it is a strata title property and therefore the common area water usage is borne by the Joint Management Body.

Chart 3: Water Consumption by Year (m<sup>3</sup>)

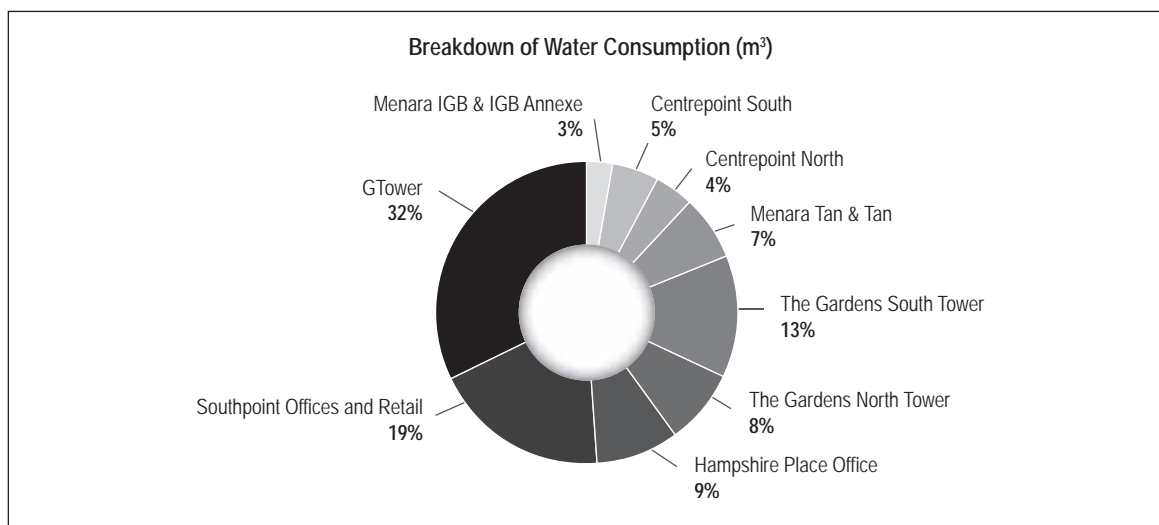


\* It should be noted that there was a decrease in water consumption recorded at Menara Tan & Tan due to a faulty water meter which was detected in March 2022. It was replaced in April 2022. It should be noted that no data is available for Boulevard Offices and Retail as it is a strata title property and therefore the common area water usage is borne by the Joint Management Body.

# Sustainability Statement

(continued)

Chart 4: Water Consumption by Property (m<sup>3</sup>)



\* It should be noted that there was a decrease in water consumption recorded at Menara Tan & Tan due to a faulty water meter which was detected in March 2022 and replaced in April 2022. It should be noted that no data is available for Boulevard Offices and Retail as it is a strata title property and therefore the common area water usage is borne by the Joint Management Body.

Moving forward, IGB Commercial REIT will continue exploring avenues to improve water management and seek to keep our consumption to a minimum through the installation of fixtures that improve efficiency. We will also explore avenue to reduce water consumed, for example through reusing water.

As economic activity returns to pre-covid levels, we expect water consumption to stabilise moving forward and are confident that our ongoing efforts to manage our water consumption will see progress going into 2023 against our pre-covid readings.

### Waste Management

Waste management is an integral aspect of sustainable living and business operations. It is vital for ensuring a productive, healthy and safe environment for individuals, communities and businesses. Increasing urbanisation and economic development, particularly in the developing world, will result in significantly greater quantities of waste produced each year. Estimates from the World Bank indicate that annual waste generation could reach as high as 3.4 billion tonnes by 2050 – a 73% increase from 2020's numbers. Implementing effective waste management policies and practices that encompass waste collection, transportation, disposal as well as diversion (reuse and recycling), will help safeguard the health and safety of all parties whilst preserving our natural environment.

IGB Commercial REIT is committed to manage our waste effectively and responsibly through recycling efforts and educating communities about responsible waste management. This year, with more tenants returning to the office, we have noted significant increase in the collection of recyclable items by 128%. This is a testament to the combined efforts of our tenants and our dedicated team who work to sort and separate recyclable items from the waste stream.

Table 5: Breakdown of Recyclables Collected (kg)

		2021	2022	% Changes
1.	Southpoint Offices and Retail	2,404	7,394	208%
2.	The Gardens North Tower	2,461	2,566	4%
3.	The Gardens South Tower	5,310	9,817	85%
4.	Centrepoint North	356	1,012	184%
5.	Centrepoint South	449	1,387	209%
6.	Menara IGB & IGB Annexe	473	1,229	160%
7.	G Tower	5,725	16,487	188%
8.	Menara Tan & Tan	1,230	1,256	2%
9.	Hampshire Place Office	0	897	-
		<b>18,408</b>	<b>42,045</b>	<b>128%</b>

\* No recycling activities were carried at Boulevard Offices and Retail.

# Sustainability Statement

(continued)

Chart 5: Recyclables Collected by Year (kg)

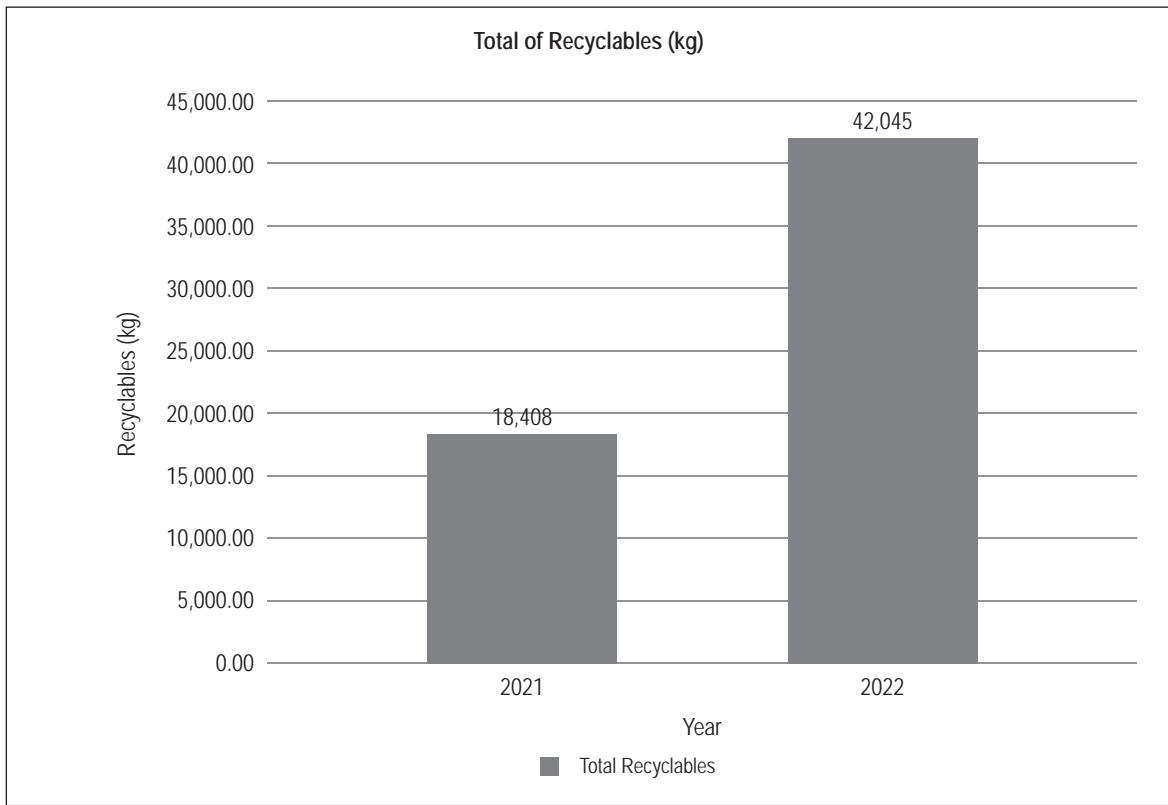
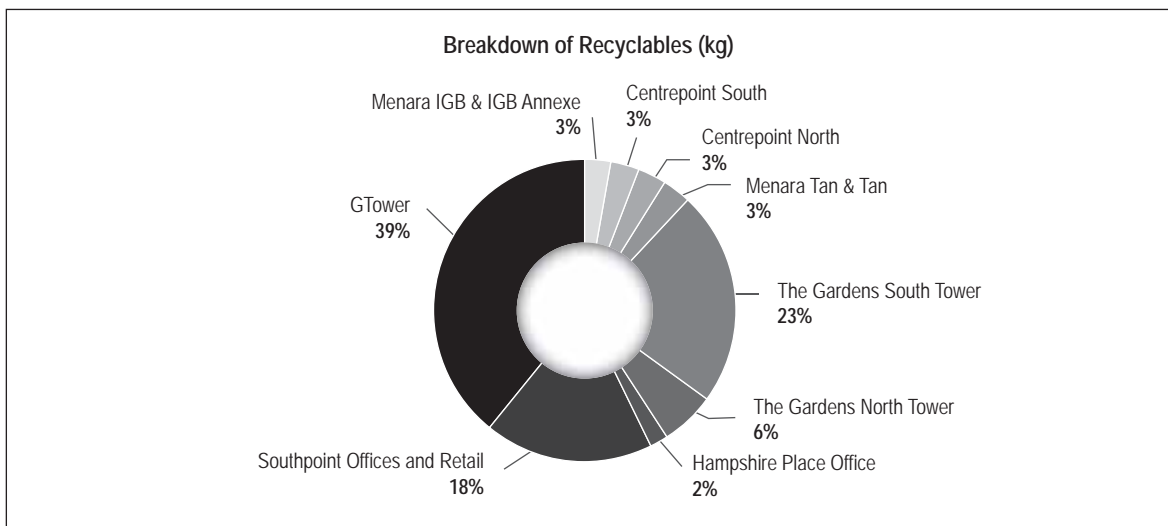


Chart 6: Recyclables Collected by Property (kg)



We understand the importance of responsible waste management, and moving forward, we are committed to continue our efforts to reduce waste through sustainability awareness programmes amongst others, as well as increase our recycling efforts.

(b) Looking After Our Communities

**Human Capital Management**

Our people form the cornerstone of our business. It is our people who make decisions that determine our future, interact and support our tenants, reach out to prospective tenants, and ensure the smooth running of all our properties. As such, the Service Provider works hard to ensure that all employees are provided with ample opportunities to develop their skills and knowledge, offering a wide range of training opportunities so that they are able to grow both personally and professionally. We believe that it is only through supporting our people and seeing to their success that IGB Commercial REIT can succeed.

## Sustainability Statement

(continued)

This year, with the return of our employees to the workplace, we have assured them that their safety is our primary concern. Every employee was provided with face masks as well as Covid-19 self-test kits. We also ensured that the work environment was regularly sanitised. A compulsory policy requiring the use of face masks was also implemented throughout the organisation. We have also continued to organise health screenings, health checks, and health talks throughout the year.

Moving forward, we remain committed to provide all our employees with the support they need to succeed. We believe that in doing so, we are not only creating a positive and healthy work environment that continues to attract and retain talent that will support our business, but are providing them with the skills and knowledge to help create value for our long-term growth.

### *Health, Safety & Security*

It is important to us that everyone who walks through the doors of one of our buildings feels safe. As such, working to ensure the health, safety and security of our communities is a priority that is championed by our top management. This commitment was reflected in our response to the Covid-19 pandemic, and the steps taken to both comply with the standard operating procedures set out by the Government, as well as additional policies and procedures to ensure that we were doing as much as possible to ensure the safety of our communities.

This year, many of the policies and procedures that we implemented at the height of the pandemic remain in place. For example, we continue to regularly sanitise the common areas and amenities every two hours; and on a weekly basis, disinfect our premises using an ultraviolet (UV) misting machine and approved disinfectant solution. We also continue to use air purifiers with UV light in all elevators, suraus, and meeting rooms, and invest in antimicrobial treatments on commonly touched surfaces. Hand sanitisers are also available throughout our buildings.

In addition to looking after the health of our communities, we also take every precaution to ensure that they are kept safe. We work closely with local enforcement agencies to keep abreast of any potential threats, and organise various training sessions for our security teams so that they remain up to date and equipped to face any issues that may arise that would compromise the safety of our communities. We also have in place security standards which apply across all buildings that include monitoring systems, physical controls, emergency and crisis management plans, as well as administrative systems.

Moving forward, we will continue to prioritise the health, safety, and security of our communities and work to ensure that we are kept up to date with the latest developments as they relate to health and safety, in particular as companies are now placing a greater emphasis on hygiene and cleanliness; as well as continue to work in partnership with local enforcement agencies so that we are prepared for any potential threats.

### *Data Privacy & Security*

As digital operations continue to expand, the development of adequate cybersecurity protection, risk mitigation, and regulatory compliance has become increasingly important to businesses of all sizes and across all industries. As cyberthreats have become more sophisticated, the need to protect personal data and comply with data privacy regulations has become ever more important.

IGB REIT subscribes to IGB Group's updated Cybersecurity Policy and Information Technology Acceptable Use Policy, and has in place critical cybersecurity software including ransomware protection, log management and privilege access management across key systems. We also ensure that cyber security assessments are carried out to familiarise employees with common cyber threats and vulnerabilities. It is also important that they understand how threats occur, how to identify them, and what steps to take if a system has been compromised.

Data privacy and security remain a key area of focus for our business, and we will continue to keep abreast of developments in the cybersecurity space to ensure that we take all the necessary steps to protect our systems and data.

### *Community/Society*

Creating a sustainable business does not end with what we do as part of our day-to-day operations. Equally as important to sustainability is our commitment to the communities in which we operate. This year, IGB Commercial REIT continued to expand our efforts to support our communities.

### *Blood Donation Drives*

This year we carried out two Blood Donation Drives, one at GTower and the other at Menara Tan & Tan. The latter was in collaboration with Pusat Darah Negara Kementerian Kesihatan Malaysia and our tenant, Baker Hughes (M) Sdn Bhd. Rental for the venues at both Blood Donation Drives were waived, amounting to RM4,000 at GTower and RM500 at Menara Tan & Tan.

# Sustainability Statement

(continued)

Table 6: Statistics of Blood Donation Drive at GTower

	2021	2022
Target Donors	100	80
Donors Turned Up	96	48
Donors Donated	61	30
Donors Deferred	35	18
Total Pints of Blood Collected	61	30



Tenants, employees, and members of the public turned up to donate blood

Table 7: Statistics of Blood Donation Drive at Menara Tan & Tan

	2021	2022
Target Donors	70	90
Donors Turned Up	62	112
Donors Donated	45	90
Donors Deferred	17	22
Total Pints of Blood Collected	45	90



Donors received a small hand-painted pot as a token of appreciation courtesy of Baker Hughes (M) Sdn Bhd



Tenants, employees, and members of the public turned up to donate blood



A successful Blood Donation Drive in Collaboration with Baker Hughes (M) Sdn Bhd and Pusat Darah Negara Kementerian Kesihatan Malaysia

## Hunger Relief Programme

This year, IGB Commercial REIT sponsored 250 warm meals which were distributed to the homeless in Kuala Lumpur through the "Give a Warm to Wanderer 2.0" initiative by the Lions Club of KL Finnamic. 23 volunteers from IGB Commercial REIT took part in this event.



"Give a Warm to Wanderer 2.0" Volunteers



Volunteers handing out food to the homeless

## Sustainability Statement

(continued)



*IGB Commercial REIT "Give a Warm to Wanderer 2.0" Volunteers*

### (c) Good Corporate Governance Key to Fostering Sustainability

Good corporate governance means more to us than just compliance. It dictates a set of values and expectations that permeate through our organisation and guide our employees as they make decisions and interact with the community. In creating sustainable values, we believe that good governance ultimately helps foster long-term value creation.

IGB Commercial REIT takes a proactive approach to observing the highest standards of corporate conduct, and have in place good corporate governance policies and practices to ensure that we maintain the reputation of our business whilst maximising stakeholder value. Our commitment to good corporate governance is reflected in the Directors Code of Business Conduct and Ethics, whose core concepts of conducting business and operations are premised on transparency, integrity, and accountability.

Additionally, as part of the IGB Group, IGB Commercial REIT subscribes to both the IGB Group Anti-Bribery and Corruption (ABAC) Policy, and the IGB Group Whistleblowing policy. The adoption of these policies reflects our commitment to supporting a culture of openness, transparency, and accountability.

This year, we have included Anti-Corruption in our list of material sustainability matters. This reflects its importance within our organisation as well as amongst our stakeholders. We are aligned with the Malaysian Anti-Corruption Commission Act 2009, and have adopted a zero-tolerance approach to all forms of bribery and corruption within the organisation and across our supply chains. Employees found to have violated the ABAC Policy, or who have been found to be involved in other stipulated acts of bribery and corruption, will undergo strict disciplinary procedures which can lead to permanent work termination. Legal proceedings may also be undertaken if required. All tenancy agreements must also include a provision that tenants will observe and comply with the provisions of the Anti-Corruption Act 2009.

For a full view of our governance efforts, please refer to the Corporate Governance Overview Statement which is on page 39 of the Annual Report.

### (d) Looking Ahead

IGB Commercial REIT remains firmly committed to ensuring that sustainability forms a cornerstone of our long-term strategy, and that it continues to guide how we engage with our stakeholders and make business decisions. We also recognise that our efforts to grow a sustainable business must be done within a sound risk management framework and with a commitment to upholding the highest standards of corporate governance and transparency so as to safeguard stakeholder interests.

As we entered the endemic phase of the Covid-19 pandemic, it has become even more important that we keep an ear to the ground so that we remain relevant to the needs of businesses as they re-evaluate business models and strategies with the lessons learnt from the pandemic. We believe that the properties within IGB Commercial REIT remain uniquely competitive given our strong management, our long-term approach to tenant management, our convenient locations, and commitment to ensuring that our properties remain relevant to our target market.

Post-pandemic, sustainability has become ever more important as we chart our way forward. We remain committed to incorporating sustainability in our business, working to embed policies and processes that support a formal approach to sustainable growth. As a responsible corporate citizen, we will continue to work to play our part to build a sustainable business that continues to positively contribute to enhancing the welfare and well-being of our communities, while continuing to deliver long term value to our unitholders.

# Corporate Governance Overview Statement

## THE MANAGER

IGB REIT Management Sdn Bhd (IGBRM), in its capacity as the Manager of IGB Commercial REIT (IGBCR), is the responsible entity of IGBCR. The Manager was appointed in accordance with the terms of the deed of trust constituting IGBCR dated 31 March 2021 (Deed). The Manager was issued a Capital Markets Services Licence (CMLS) for REIT management on 28 June 2013 and is regulated by the Securities Commission Malaysia (SC).

The Manager has general powers of management over the assets of IGBCR and its core responsibility is to manage the assets and liabilities of IGBCR for the benefit of Unitholders (UHs). In connection therewith, the primary role of the Manager is to set the strategic direction and business plans of IGBCR in accordance with its mandate. This includes making recommendations to MTrustee Berhad, in its capacity as the Trustee of IGBCR, on any investment and divestment opportunities in accordance with the investment strategy of IGBCR. The research, evaluation and analysis required for these purposes are to be coordinated and carried out by the Manager, so as to maximise the returns from the investment and ultimately the distributions and total returns to UHs.

The Manager discharges its responsibilities for the benefit of UHs in accordance with all applicable laws and regulations such as the SC's Guidelines on Listed Real Estate Investment Trusts (REIT Guidelines), Capital Markets and Services Act 2007 (CMSA), Bursa Malaysia Securities Berhad's (Bursa) Main Market Listing Requirements (MMLR), as well as the Manager's obligations under the Deed are properly and efficiently carried out.

The Manager is committed to sound corporate governance (CG) policies and practices and observes high standards of conduct, in line with best practices of CG required by statutory regulators since its listing on the Main Board of Bursa. It has developed and, on an ongoing basis, maintained sound and transparent policies and practices to align with market practices as well as to meet the specific business needs of IGBCR.

The Board of Directors (Board or Directors and individually, Director) of the Manager has ultimate authority over, and oversight of, IGBCR and is committed to continuous improvement in the Manager's CG practices in discharging its responsibilities to all stakeholders of IGBCR and protecting the interests of UHs.

The Manager's main CG 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 sets out the details on the applicability of each of the principles and practices of the Malaysian Code on Corporate Governance (MCCG), and where applicable, other requirements, laws and regulations in the REIT Guidelines, CMSA and MMLR, for the financial year ended 31 December 2022 (FY2022) and up until the date of this CGOS.

The Manager has complied with the MCCG in all material respects. 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 corporate website, [www.igbcomreit.com](http://www.igbcomreit.com) under the menu item 'Governance'. These documents are periodically reviewed and enhanced to take account of changes in the 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. IGB is the sponsor and a controlling UH of IGBCR.

This CGOS is current as at 19 January 2023 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 Board has a Charter (last updated on 19 January 2023) 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 approval. Overall, the Board's role is to:

- provide leadership and set strategic objectives of IGBCR, which should include appropriate focus on value creation, innovation and sustainability with attention to environmental, social and governance (ESG) aspects;
- oversee and review Management's performance in the context of the strategies and objectives of the Manager and IGBCR;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding the interests of UHs and its assets;
- review and approve major capital expenditure, acquisitions and divestitures, and monitor capital management;
- monitor the operational and financial performance of IGBCR;
- ensure measures relating to CG, financial regulations, and other required policies are in place and enforced;
- set the Manager's values and standards (including ethical standards) and oversee the proper conduct of the Manager; and
- ensure transparency and accountability to UHs and stakeholders.



## Corporate Governance Overview Statement

(continued)

In the discharge of its functions, the Board is supported by 4 BCs which also serve to ensure that there are appropriate checks and balances. These BCs are Audit Committee (AC), Nomination Committee (NC), Remuneration Committee (RC) and Commercial Risk Management and Sustainability Committee (Commercial RMSC), which are guided by their respective terms of references (ToRs), each of which are chaired by Independent Non-Executive Directors (INEDs), save for Commercial RMSC which is led by Mr Wong Khim Chon (WKC), redesignated as Joint Deputy Chief Executive Officer (DCEO) effective 1 January 2023 (previously, DCEO) of the Manager. 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 on all matters lies with the entire Board. Diversity of experience and appropriate skills are considered in the composition of the respective BCs. The composition of each BC is also reviewed as and when there are changes to Board membership. Where appropriate, changes are made to the composition of BCs, with a view to ensuring that 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 constitution of the Manager (Constitution) as the Board sees fit. The BCs have never been more pivotal in supporting the Board. Further details of the BCs' activities during FY2022 are set out in the following pages.

The daily running of IGBCR's business is entrusted to a team of experienced and well-qualified management. Mr Antony Patrick Barragry (APB), the Chief Executive Officer (CEO), together with Joint DCEO and management (collectively, Management and individually, Officer), is accountable to the Board. 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. Brief biographical details of Management are set out in the [Profile of Management](#) section.

The Board has adopted a set of internal guidelines and protocols which sets out the level of authorisation and financial authority limits. Key matters such as investments, divestments, bank borrowings, issuance of new units of IGBCR (Units), income distributions and other returns to UHs, corporate strategies and policies of IGBCR, annual budget, financial performance of IGBCR and approval to release the quarterly and year end results are specifically reserved for the approval of the Board, whereas appropriate delegations of authority and approval sub-limits are also provided at Management level to facilitate operational efficiency.

### *Practice 1.2*

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

### *Practice 1.3*

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

The Board is led by Chairman and INED, Tan Sri Dato' Prof. Lin See Yan (TSL) (Board Chairman) and is supported by CEO, APB who has a wide range of expertise and experience. The separation of roles of Board Chairman and CEO ensures non-repetition of duties, and appropriate balance of power and responsibilities, an effective system of checks and balances, increased accountability and greater capacity of the Board for independent decision making. Board Chairman and CEO collectively play an important role in the stewardship of the strategic direction and operations of the Manager and IGBCR. Board Chairman and CEO are not related, nor do they have any close family ties.

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 strategy, business operations, enterprise risks and other plans, and spearheads the Manager's drive to promote, attain and maintain good standards of CG. Board Chairman also presides over 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.

CEO leads Management to address strategies, business operations, financial performance and risk management in meeting the strategic, investment and operational objectives of IGBCR, while Joint DCEO oversees day-to-day management and conduct of business and affairs of the Manager and IGBCR, including implementation of strategies, business plans and policies adopted by the Board.

The clear separation of roles of Board Chairman and CEO provides a healthy professional relationship between the Board and Management, with clarity of roles and robust deliberations on the business activities of the Manager and IGBCR.

### *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 2023 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.

### *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.*

## Corporate Governance Overview Statement

(continued)

The Board is supported by the Head of Compliance/Company Secretary (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 Non-Executive Directors (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 the 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 subject to the approval of the Board. During FY2022, HOC/CS attended all meetings of Board and BCs.

### *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.*

The Manager practices early planning of meeting schedules so that Directors are able to plan ahead, provide the required time commitment and to ensure that there is sufficient time for the Board and BCs to deliberate and discuss the various matters.

Directors are expected to prepare for, attend, and contribute meaningfully in all Board and applicable BC meetings in order to discharge their obligations. Where exigencies prevent a Board member from attending a meeting in person, the Constitution allows for participation in meetings via telephone conference, video conference or similar communications equipment. Where the presence of the Director at such meetings is not feasible, he/she may provide his/her comments to Board Chairman or the relevant BC chairmen 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 request for further explanations, briefings or informal discussions from Management in respect of significant matters raised in 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 meetings.

At each scheduled Board meeting, the Board is apprised of IGBCR's financial and portfolio performance, including results announcements and business outlook (following AC's review of the same at its meeting typically scheduled before Board meeting), decisions made or salient issues discussed by BCs, risks and mitigation measures, regulatory and compliance updates, as well as mandate sought by Management, including, where applicable, relevant budgets and business plans. Consistent with their fiduciary duties, Directors should act objectively in the best interests of IGBCR. Where a Director faces a conflict of interest (COI), he/she will recuse him/herself from the discussions and decisions involving the issues of conflict. 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. In addition to scheduled meetings, the Board may also hold ad-hoc meetings as required by business imperatives or particular circumstances. 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. The number of Board and BC meetings and each individual Director's attendances at such meetings during FY2022 are as shown in [Appendix](#). As described in Practice 6.1, NC was satisfied that all Directors gave sufficient time and attention to the affairs of IGBCR and were able to and have adequately carried out their duties as Directors of the Manager.

All 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. Directors, either individually or as a group, may at the Manager's expense, seek independent professional advice, where appropriate, to discharge their duties effectively.

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 the Board/BC deliberations. To keep pace with developments in the real estate industry, new updates on laws and regulations and changes to accounting standards, the Board is briefed either during meetings or at specially convened sessions involving the relevant advisers and professionals, where necessary, or by email. Directors may also attend other relevant courses, conferences and seminars, at the Manager's expense. Details of seminars/webinars that Directors and CEO attended during FY2022 are as shown in [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 (last updated on 19 January 2023), 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)

The Board is responsible for the governance of the Manager and IGBCR as well as provides leadership in shaping the strategic directions 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. The objectives, 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 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. As described in Practice 6.1, the board evaluation performed in January 2023 showed that all BCs had effectively discharged their function.

Whilst the Board oversees the strategic plan and direction of the Manager and IGBCR, CEO and Joint DCEO lead Management in making and implementing day-to-day decisions on business operations and management of IGBCR and managing resources and risks in pursuing the investment objectives of IGBCR, in accordance with the Board approved policies and delegations of authority.

### *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 COI, preventing the abuse of power, corruption, insider trading and money laundering. The CCE is published on the company's website.*

### *Practice 3.2*

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

Policies are one method for safeguarding the Manager's corporate compliance, but it is important that Directors and Management are educated and understand the regulatory environment. A combination of briefings and self-declarations keep them updated on changes and developments in laws, rules and regulations (Relevant Laws and Requirements).

The Manager will continue to keep abreast of changing Relevant Laws and Requirements, where these changes have an important bearing on the disclosure obligations of IGBCR, the Manager or its Directors. There were zero cases of fines and non-monetary sanctions for non-compliance with by IGBCR and the Manager or its Directors during FY2022.

Below is a summary of the key governance policies the Manager has implemented:

#### **(a) Directors' Code of Business Conduct and Ethics (Code)**

The Manager has in place a Code which embodies the Manager's commitment to the highest standards of integrity and ethical behaviour. 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, Management is 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.

#### **(b) Fit and Proper (FAP)**

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 to determine the fitness and propriety of Directors and Management, as well as the Manager's licensed representatives (i.e., Capital Market Services Representative Licence (CMSRL) holders), 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 Annual Report (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, Joint DCEO and Executive Directors (ED)), 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 Management every year before filing the Form 4 and issuance of IGBCR's AR.

The Manager also subscribes to the IGB Group Policy on FAP Criteria for Directors in respect of appointment of new directors as well as continuation of appointment of directors on the boards of the IGB Group.

#### **(c) 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.

## Corporate Governance Overview Statement

(continued)

The Charter and the Code 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, must recuse him/herself from any discussion and decision on the matter.

The Manager also manages IGB Real Estate Investment Trust (IGB REIT) which is listed on the Main Market of Bursa. 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. To mitigate any potential COI, the following procedures 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 UHs' 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 UHs' 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.

### (d) Dealing in Units

Directors and Management while in possession of material information of IGBCR must refrain from dealing in Units or communicate such information to any person.

As a general principle, Directors and Management will be notified of the closed trading period by an internal memorandum, which sets out prohibitions on dealing in Units in the period commencing one month before the quarterly results announcement of IGBCR and at any time while in possession of price sensitive information.

Each Director and Officer is to give written notice to the Manager of his/her acquisition of Units or of changes in the number of Units which he/she holds, or in which he/she has an interest, within 3 market days after such acquisition or changes in interest. Directors are required to update disclosure of interests in Units quarterly. All dealings in Units by Directors and/or Officers will be announced via the regulatory information service (BursaLINK). The interests in Units of Directors and CEO are shown in the [Unitholding Statistics](#) section.

### (e) 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 will be undertaken on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of 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 RPT/RRPT have been complied with, including the relevant provisions of MMLR. 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 concerning IGBCR relate to transactions entered into or to be entered into by the Trustee for and on behalf of IGBCR with an interested party which would include relevant associates thereof, the Trustee is required to ensure that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of IGBCR and UHs, and are in accordance with all applicable requirements of REIT Guidelines and/or MMLR relating to the said transaction. The Trustee has the ultimate discretion under the Deed to decide whether or not to enter into a transaction involving an interested party. If the Trustee is to sign any contract with the interested party, the Trustee will review the contract to ensure that it complies with the requirements of REIT Guidelines and/or MMLR.

At the First AGM of IGBCR on 28 April 2022 (2022 AGM), a general mandate under paragraph 10.09(2) of the MMLR for IGBCR to enter into RRPT with RPs had been obtained from UHs. Based on the actual amount transacted from the date of 2022 AGM up to the date of this CGOS, the actual value of RRPT has not exceeded the estimated value by 10% under the mandate. The details of RRPT entered into by IGBCR with RPs in FY2022 pursuant to the mandate are as shown in [Appendix](#).

## Corporate Governance Overview Statement

(continued)

On 19 January 2023, IGBCR announced its intention to seek UHs' approval for the renewal of existing RRPT (RRPT Mandate) at the Second AGM to be held on 27 April 2023 (2023 AGM). The RRPT that have been entered into and will be entered into by IGBCR with the RPs 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 a 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 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 2023 AGM. The details of the RRPT Mandate are set out in the [Circular to Unitholders – RRPT Mandate](#) (Circular).

AC had at its meeting in January 2023 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.

### (f) 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 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 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 FIED together with the relevant supporting documentary evidence; and
- (ix) unless permitted by law, the Manager and its Directors and Management are prohibited from disclosing the fact that a STR or related information is being filed with 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 FIED and SC or to infer any of these have occurred unless such disclosure is made pursuant to the provisions under AMLATFA.

### (g) Anti-Bribery and Corruption (ABC)

The Manager acknowledges the importance of lawful and ethical behaviour in IGBCR's business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of IGBCR's business and affairs in its workplace.

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 (Guidelines), 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.

## Corporate Governance Overview Statement

(continued)

During the year, IA has performed a compliance review by the Manager based on the 5 'TRUST' principles under the Guidelines, and the level of compliance of each principle. Overall, the Manager has implemented most of the adequate procedures under the 5 guiding principles of TRUST.

There were zero instances of bribery, corruption and fraud reported during FY2022.

### (h) Whistleblowing Policies and Procedures (WPP)

The Manager subscribes to the IGB Group WPP (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 (WBC) (comprising the Heads of Group Internal Audit (GIA), Group Legal and Group Human Capital of IGB) who also addresses 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 to WBC for FY2022.

#### *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).*

#### *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.*

#### *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.*

#### *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.*

Sustainability plays an integral role in IGBCR's operations. 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 and Management are committed to sustainability and believe that incorporating sustainability considerations and practices across IGBCR's portfolio will not only enhance the performance of IGBCR but also create value for the stakeholders and the society in the long run. For this reason, the Manager aims to continually monitor and manage any potential risks or opportunities in the areas of ESG as IGBCR progresses on its sustainability journey.

The Board assumes the overall responsibility for integrating sustainability considerations into IGBCR's strategic decisions with support from Commercial RMSC, which is led by Joint 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.

The Manager has made strides in recent years 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 in the annual reporting under [Sustainability Statement](#) section, the Manager is transparent about how sustainability is embedded in IGBCR's business and initiatives driven by IGBCR in terms of material sustainability matters in the areas of environmental (energy, water and 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 the year, 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 ESG performance by engaging with stakeholders and understanding emerging sustainability issues affecting IGBCR's business.

IGBCR's sustainability strategies, initiatives and performance are communicated to internal (email, employee engagement, monthly management meetings, presentations to leadership team, quarterly reporting to the Board, etc.) and external (corporate website, AR, press releases, investor presentations, quarterly analyst briefings, etc.) stakeholders.

## Corporate Governance Overview Statement

(continued)

In addition to discussion of ESG factors relevant to IGBCR's business at the Board table, Directors enhance their ESG competence by attending programs, peer-to-peer discussions or engage outside experts to provide guidance to the Board. An ESG and Real Estate: Towards Greater Value Creation training was conducted for the Board and Management in April 2022 to equip them with the keys to understanding how sustainability impacts IGBCR's strategy and long-term performance and their related duties as Directors and Officers.

The Board's 2022 evaluation which is facilitated through NC includes a section relating to ESG and sustainability issues. Management's performance evaluation is guided by the Remuneration Policies and Practices (RPP) which measures value creation to IGBCR through financial benefits and cost-savings as well as impact on IGBCR's long-term business sustainability.

More information on the material sustainability issues of IGBCR is set out in the [Sustainability Statement](#) section.

### *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 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; there has not yet been a need to designate a specific individual to strategically manage sustainability of IGBCR.

### *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.*

It is paramount that the Manager continues to maintain the appropriate balance and mix of skills, knowledge and experience on the Board to support the needs and long-term sustainability of the businesses of the Manager and IGBCR. To this end, the Board is of the view that whilst promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. When assessing Board composition or identifying suitable candidates for appointment or re-endorsement to the Board, the Manager will consider candidates on merit against objective criteria set by the Board, having due regard to the overall balance and effectiveness of the Board.

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 has conducted its assessment in January 2023 and was satisfied 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. 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, propose any changes to the Board to complement IGBCR's objectives and strategies.

The Board has noted NC's views and would seek to introduce greater diversity as it progressively reviews the composition of the Board and its BCs.

### *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 REIT Guidelines where one third of the Board comprises INEDs.

The Board had considered the recommendation in MCGG to have majority INEDs and was of the opinion that there was no disproportionate imbalance of power and authority on the Board between Non-INEDs (NINEDs) and INEDs, 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, 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 Chairs 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 INEDs play a substantive role, and assure the objectivity and independence of the decision-making process.

In FY2022, none of the INEDs had any business relationship with the Manager, its related corporations, its substantial SHs, as well as with IGBCR and its substantial UHs or officers 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.

## Corporate Governance Overview Statement

(continued)

### *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 approval through a 2-tier voting process.*

The Board recognises the importance of independence and objectivity in its decision-making process, and that the presence of INEDs is essential in providing unbiased and impartial opinion, advice and judgement to ensure the interests of IGBCR, UHs and other stakeholders in which IGBCR conducts its business with are well-represented and taken into account.

As described in Practice 5.2, 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.

The Board assesses the independence of INEDs in accordance with the requirements of REIT Guidelines and MMLR to ensure that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of IGBCR.

The INEDs individually complete an annual confirmation of independence whereby they are required to assess their own independence, including independence from the major UHs and Management. NC considers this review, with each of the NC members recusing him/herself from deliberations on his/her own independence.

In its review for FY2022, NC (each member recused himself when his independence was tabled for assessment), after considering the independence criterion given in REIT Guidelines and MMLR, has ascertained that the INEDs remained objective and independent, evidenced by their ability to demonstrate the values and principles associated with independence during the 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) has considered and determined, taking into account the views of NC, that TSL, Encik Halim Haji Din (HHD), Mr Lee Chen Chong (LCC) and Mr Robert Ang Kim Pak (RAKP) have demonstrated independence in character and judgement in the discharge of their responsibilities as Directors during FY2022 and was satisfied that each of them acted with independent judgement. The Board has also assessed the relationships or circumstances which were likely to affect or could appear to affect the INEDs' judgement. Based on the annual review of the INEDs' independence conducted by NC, the criteria of independence as set out in REIT Guidelines and MMLR and the declarations by INEDs of their independence, the Board was satisfied that, as at 31 December 2022, TSL, HHD, LCC and RAKP were able to act in the best interests of all UHs of IGBCR as a whole, notwithstanding 3 of them, by the 2023 AGM, would have served 11 years as Directors.

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 Constitution.

### *Practice 5.4 (Step Up)*

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

In accordance with the Charter (last updated on 19 January 2023), the tenure of an INED shall not exceed a cumulative term limit of 12 years. 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.*

The Manager believes that Board renewal is necessary and a continuous process for good governance. Board renewal ensures that the Board and BCs comprise Directors that, as a group, provide an appropriate balance and diversity of skills, experience and industry knowledge of IGBCR's business.

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 appointments of potential candidates for the office of Director. The final decision on selection of Directors will be based on merit against objective criteria set by the Board after having given due regard to the benefits of diversity and the needs of the Board as described in Practice 5.1. NC in evaluating, assessing and making recommendations to the Board for approval shall take into consideration 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 in accordance with the Manager's FAP guidelines, taking into account his/her track record.



## Corporate Governance Overview Statement

(continued)

Talent development and succession planning are key priorities to the Board in ensuring a high-performing Management, which contributes to the Manager's 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 FY2022 for the appointments of Elizabeth Tan Hui Ning (ETHN), current ED as Joint DCEO (Retail) (former Joint Chief Operating Officer or Joint COO) and Rennie Lee Chai Tin (RLCT) as Joint COO (former Head of Leasing). The Board, in determining the aptness of ETHN and RLCT, was satisfied that both have the appropriate management experience and skills for the roles after having been a key part of Management for almost a decade since 2012, and approved the appointments to take effect on 1 January 2023.

### *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, NC will regularly review the existing attributes and competencies of the Board in order to determine the desired experience 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 consider recommendations from the Board, Management and the external search for candidates that fit the criteria. 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 guidelines 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.

No Director had been appointed to the Board during FY2022. Dato' Seri Robert Tan Chung Meng (DSRT) who has served as Managing Director (MD) since March 2012, stood down as MD and redesignated as NINED (as announced on 3 November 2022) effective 1 January 2023. With the Management having grown and matured under DSRT's guidance throughout the years and is now capable of managing IGBCR independently, there is no replacement for the role of MD.

### *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 FY2022.

Although the Directors are not subject to periodic retirement by rotation under the Constitution, the Board conducts annual reviews of board diversity, board size, board independence and directors' commitment, as detailed in Practice 6.1. The [Profile of Directors](#) provides UHs with the necessary background and experience of all the Directors on the Board.

### *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 composed of a majority of INEDs, and be chaired by an INED. NC comprises 5 NEDs, a majority of whom, including the Chair, are independent.

The role of NC is to make recommendations to the Board on all board appointments (including alternate directors, if any) having regard to the composition, size 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, and Board and Management succession planning generally.

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, 5.6 and 6.1 of this CGOS.

### *Practice 5.9*

*The board comprises at least 30% women directors*

As at 19 January 2023, the proportion of women employed by the Manager was, Board @ 33.3% and Management @ 50%.

## Corporate Governance Overview Statement

(continued)

### *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 a diversity policy in the 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 19 January 2023 in respect of FY2022. 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 credibility 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 size and composition of the Board with a view to ensure effective decision-making by taking into account the scope and nature of the operations of IGBCR. 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 discussions among Board members and to provide effective oversight over Management.

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, experience, and other aspects of diversity such as gender and age 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 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.*

### *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.*

IGBCR, constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own. Remuneration of 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.

## Corporate Governance Overview Statement

(continued)

The Board has established a 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 for Management with the required experience and expertise to run the Manager successfully.

In accordance with its ToR, RC must have at least 3 NEDs, be composed of a majority of INEDs, and be chaired by an INED. RC comprises 5 NEDs, a 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. Guided by the RPP, RC with the endorsement of the Board, reviews on an annual basis the NED fees and meeting attendance allowances as well as remuneration components of Management. In recommending the Directors and Management's remuneration to the Board for approval as a whole, with the Director concerned abstaining from the decision-making process with regard to his/her own remuneration, 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. NEDs 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. EDs and CEO do not receive any fee nor meeting allowance as they are salaried executives of the Manager. 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, CEO 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.

The last performance evaluation for Directors and Management was carried out on 3 November 2022. RC had considered the quantum of NED fees (in respect of FY2022) and meeting allowances (in respect of year 2023), and recommended the fees and meeting allowances remained status quo. The Board had endorsed an amount of RM845,000 (for managing IGBCR and IGB REIT) as NED fees for FY2022 and is subject to the approval of the Manager's SH. The remuneration of Management to be determined at IGB-level whereby the remuneration package for each ED as well as for the Officer should reflect the level of responsibilities with the performance achieved. RC also considered service contract renewals for Management, and having assessed the individual performance, RC recommended to extend their employment with all contract extension remained on materially the same terms.

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 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 FY2022 are set out in the table below:

Board Members	Remuneration RM	BIK RM	Fee RM	Meeting Allowance RM	Total RM
TSL	-	480	182,000	53,000	235,480
HHD	-	480	143,000	51,500	194,980
LCC	-	480	130,000	47,500	177,980
RAKP	-	480	130,000	27,500	157,980
ETHN	516,049	-	-	-	516,049
TMS	413,680	-	-	-	413,680
DSRT	3,398,369	-	-	-	3,398,369
TLC	-	-	130,000	27,500	157,500
TBL	-	-	130,000	20,000	150,000
<b>Total</b>	<b>4,328,098</b>	<b>1,920</b>	<b>845,000</b>	<b>227,000</b>	<b>5,402,018</b>

### Note:

*The remuneration, BIK, fees and meeting allowances are to manage 2 funds i.e., IGBCR and IGB REIT*

## Corporate Governance Overview Statement

(continued)

### 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.*

NC and Board are of the opinion 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 and operations of IGBCR with a competent and experienced Management, it is in the best interests of the Manager not to disclose the remuneration of its Management on a named basis, but in bands of RM50,000, and such disclosure is sufficient for providing transparency to UHs without prejudicing the interests of UHs.

The remuneration paid to the top 5 Officers (who are not Directors) in bands of RM50,000 (instead of on a quantum basis) for FY2022 are as follows:

Remuneration Band	Number of Officer	Remuneration	BIK	Total
Between RM400,000 - RM450,000	1	100.00%	-	100.00%
Between RM500,000 - RM550,000	1	100.00%	-	100.00%
Between RM550,000 - RM600,000	1	100.00%	-	100.00%
Between RM950,000 - RM1,000,000	1	95.18%	4.82%	100.00%
Between RM1,150,000 - RM1,200,000	1	98.89%	1.11%	100.00%

### Note:

*The remuneration and BIK are to manage 2 funds i.e., IGBCR and IGB REIT*

The aggregate remuneration paid to the top 5 Officers for FY2022 was approximately RM4.0 million.

### Practice 8.3 (Step Up)

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

The Manager has opted not to disclose the detailed remuneration of Management on a named basis, as such disclosure would place the Manager in a competitively disadvantageous position. The Manager is of the view that intent of Practice 8.2 was met, as the RPP for setting remuneration applicable to Directors and Management is described in Practice 7.1, and the level and mix of remuneration is disclosed in Practice 8.2.

## 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 (last updated on 19 January 2023), AC must have at least 3 members and comprised only INEDs. AC comprises 3 INEDs: TSL, LCC and is chaired by HHD who is a former council member of the Malaysian Institute of Certified Public Accountants and a Member of the Malaysian Institute of Accountants (MIA).

### Practice 9.2

*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 AC member until at least 3 years after he/she ceases to be a partner of that firm. None of AC members have had an employment relationship with the incumbent EA, PricewaterhouseCoopers PLT (PwC).

### Practice 9.3

*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 FY2022.

Cognisant that EA should be free from any business or other relationships with IGBCR that could materially interfere with its ability to act with integrity and objectivity, AC undertook a review of the independence of EA and gave careful consideration to IGBCR's relationships with them during FY2022, as well as considered the nature of the provision of non-audit services in FY2022 and ensure that the fees for such non-audit services did not impair or threaten auditor independence. AC also considered the adequacy and experience of the professional staff and audit engagement partner assigned, PwC's experience in REIT industry and the size and complexity of the audit. AC was satisfied with the independence and objectivity of EA and their 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 FY2022. The statement of EA's responsibilities on IGBCR Financial Statements FY2022 is set out in the [Independent Auditors' Report](#) section.

For FY2022, IGBCR paid RM141,000 to PwC for audit services.

## Corporate Governance Overview Statement

(continued)

### *Practice 9.4 (Step Up)*

*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.*

The Board is of the view that all members of AC bring with them invaluable and relevant managerial and professional expertise in accounting and related financial management domains to discharge their responsibilities. AC members, as a whole, possess a wide range of necessary skills to discharge their duties and are financially literate.

AC is responsible for the oversight and monitoring of the Manager's and IGBCR's financial reporting, internal control systems, and of the adequacy of the external and internal audits, as well as reviewing COI situations and RPT.

AC has explicit authority to investigate any matter within its ToR. AC 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.

During FY2022, AC reviewed the financial statements and announcements relating to quarterly financial results of IGBCR before recommending to the Board for approval, the annual audit plans and reports issued by the internal and external auditors, the RPT/RRPT disclosures and the adequacy, effectiveness, independence, scope and results of the internal and external auditors. AC has met with EA and IA, in each case without the presence of Management, 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 and internal control issues. A summary of AC's responsibilities under its ToR, which also represents a summary of the work and key matters undertaken by AC during FY2022 are described in greater details in the [Audit Committee Report](#) section.

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 FY2022 are as shown in [Appendix](#).

### *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.*

Proactive and effective risk management plays a critical role in IGBCR's operations. While all operations are aligned to IGBCR's focus on generating rental income to deliver regular and stable distributions and achieve long-term growth for UHs, the Board is cognisant of the risks entailed, be it inherent or operational, and endeavours to maintain a robust internal controls and risk management system to safeguard the interest of UHs and IGBCR's business and assets.

The Manager has in place a Strategy and Risk Framework for IGBCR (Framework) which aims to identify and manage the risks from all aspects of the business and evolve in tandem with the changes to the business environment and operations. 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 CEO and the function heads of the Manager, with stewardship residing with the Board.

Commercial RMSC, together with the Head of Strategy & Risk (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 financial, operational, information technology (IT) and compliance. 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 discussed 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 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.

Each year, 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 the Framework maintained by the Manager, the audits conducted by internal and external auditors, reviews performed by Commercial RMSC, and assurances received from CEO and Chief Financial Officer, the Board, with the concurrence of AC, was satisfied that, as at 31 December 2022, IGBCR's risk management system and internal controls to be adequate and effective in addressing 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 the [Statement on Risk Management and Internal Control](#) which has been reviewed by PwC.

## Corporate Governance Overview Statement

(continued)

### *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 Joint DCEO, all of whom have detailed knowledge on the ongoing strategies and risks of the business. The Head of IA is also invited to the Commercial RMSC meetings to provide insight on internal controls, 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*

*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 its IA function to GIA Department (GIAD) of IGB, which is staffed by qualified professionals and their audit methodology is in conformance with the International Standards for the Professional Practice of Internal Auditing (Standards) of the Institute of Internal Auditors (IIA). The Head of GIA, 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 IIA (Malaysia), Chartered Accountant (Malaysia) and Bachelor of Accountancy (Hons.) (Singapore), reports directly and functionally to AC. On an annual basis, every staff signs a declaration of his/her adherence to the IIA Code of Ethics.

The role of IA is 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 unfettered access to documents, records, properties and personnel including unrestricted access to AC.

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 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.

AC reviews and deliberates on the issues highlighted by IA in the audit reports 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. During FY2022, IA conducted its audit reviews based on 2022 IA Plan and issued multiple reports covering all levels of operations within the Manager and IGBCR, and monitored the status of management action plans resulting from audit findings to ensure completion and reports progress each quarter to AC. A total of 20 audit reports (including progress reports and special reports) were issued by GIAD for the assignment conducted on the Manager and IGBCR, and most findings were rated satisfactory while some required improvements relating to control weaknesses, compliance shortcomings, and documentation anomalies whereby all gaps had since been addressed. IA provides advisory and consultative services to Commercial RMSC on risk and sustainability matters. IA scope of work includes assessing the adequacy and effectiveness of the risk management, governance and internal control processes and procedures. Details of IA functions and activities are disclosed in [Audit Committee Report](#) and [Statement on Risk Management and Internal Control](#) sections.

Apart from the usual IA function, IA is the contact point for [feedback@igbcomreit.com](mailto:feedback@igbcomreit.com) i.e., communication channel for lodging complaints and feedback from stakeholders. The Head of GIA manages the feedback channel for IGBCR. The Head of GIA is also a member of IGB's WBC and ABC Committees.

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 GIAD was in conformance with the Standards. The next review would be due in year 2025.

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

# Corporate Governance Overview Statement

(continued)

## 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.

The Manager is also committed to fostering long-term and strong relationships with all UHs and the wider investment community by engaging and communicating with them regularly and has put in place multi-communication channels, such as corporate website, feedback email address, AGM and investor relations.

IGBCR's corporate website ([www.igbcomreit.com](http://www.igbcomreit.com)) allows for easy access to comprehensive information on IGBCR. Information such as announcements, financial results, press releases, presentation slides, ARs, and other corporate development are regularly updated to keep UHs and the investment community abreast of IGBCR's performance on a timely basis. Through publishing information on the corporate website, the Manager provides insights into its growth strategy and latest developments. In addition, the Manager actively encourages UHs to provide feedback or submit their enquiries to [corporate-enquiry@igbcomreit.com](mailto:corporate-enquiry@igbcomreit.com). To address stakeholders' concerns and expectations, the website also contains a facility ([feedback@igbcomreit.com](mailto:feedback@igbcomreit.com)) for UHs to direct queries to IGBCR. Designated personnel have been assigned to attend or respond to enquiries from UHs and the investment community.

Other than publicly released announcements and its corporate website, the Manager also provides a specific investor relations contact ([investorrelations@igbcomreit.com](mailto:investorrelations@igbcomreit.com)) through which UHs and the investment community are able to ask questions and receive responses in a timely manner. 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 has been made.

Each year, IGBCR holds its AGM in April. Extraordinary General Meeting (EGM) may also be held, when relevant, to discuss specific issues. AGMs and EGMs serve as platforms for all UHs to interact with the Board and Management, as well as to decide on the proposed resolutions. These meetings allow the Manager to share with UHs the strategic direction of IGBCR and for the Board and Management to address UHs' questions or concerns.

### *Practice 12.2*

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

The Board strives to disclose all matters 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 and climate-related risk management, and forward-looking statements comprising trends and the inclusion of the business review are set out in the [Management Discussion and Analysis](#) and [Sustainability Statement](#) sections.

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. The Manager is currently undertaking assessment on the methodology and framework before embarking into integrated reporting.

### *Practice 13.1*

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

The public can access the electronic copy of the AR via BursaLINK as well as IGBCR's website with the option of receiving a printed version of the AR. Included in the AR are a notice of AGM and a proxy form with instructions on the appointment of proxies.

IGBCR has been issuing notices to the UHs 28 days prior to AGMs. 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. UHs are also invited to submit questions before the AGM. This helps the Manager to understand UHs' issues and concerns and address key areas of UHs' feedback.

### *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.*

All Board members, including Chairman of each BC and representatives from the Trustee will be present at UH meetings, to address relevant questions raised by UHs. EA will also be present to provide professional independent clarification and to address UHs' queries about the conduct of audit and the preparation and content of the auditors' report.

All Directors and CEO attended the virtual 2022 AGM as shown in [Appendix](#).

## Corporate Governance Overview Statement

(continued)

### 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 proceedings of 2022 AGM of IGBCR on 28 April 2022 was conducted in a virtual manner through live streaming from the broadcast venue. UHs and proxies were able to log in and participate remotely, as well as pose questions/clarifications on the relevant agenda items as well as information on IGBCR's operations via the technology platform provided by the unit registry, Boardroom Share Registrar Sdn Bhd. The 2022 AGM, chaired by TSL, in the presence of members of the Board, was participated by 192 UHs and proxies. The voting results were displayed live on-screen, uploaded on BursaLINK and made available on IGBCR's website after the AGM. The minutes was uploaded to IGBCR's website within 5 days from the date of the 2022 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 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 the 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. The Group has deployed critical cybersecurity software including ransomware protection, log management and privilege access management across key systems. The Group staff are continuously trained on cybersecurity awareness that focuses on educating them about potential IT risks and vulnerabilities.

### 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.*

IGBCR supports and encourages active UH participation at GMs as GMs serve as an opportune avenue for UHs to meet and interact with the Board and Management. UHs are informed of GMs through notices published on IGBCR's website, through reports or circulars sent to all UHs and via BursaLINK. At a GM, each distinct issue is proposed as a separate resolution and put to vote by way of electronic polling to facilitate greater and more efficient participation of all UHs present or represented at the GM. UHs are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions sought to be passed. Prior to voting at GMs, the voting procedures will be made known to the UHs to facilitate them in exercising their votes. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at GMs. The voting results of all votes cast for, against or abstaining from each resolution are then displayed live on-screen to UHs immediately at such GM, and announced to BursaLINK after the GM and posted 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.*

As described in Practice 13.3, IGBCR hosted its 2022 AGM in full virtual proceedings, where the meeting was conducted via live streaming and online voting. UHs were given opportunity to communicate their views and to raise pertinent questions to Directors and to participate effectively in and vote at the 2022 AGM.

In the endemic stage of Covid-19 where safety precautions remain, the Board will hold the 2023 AGM as a virtual (online) meeting, the same manner as the 2022 AGM.

Details of how UHs will be able to join, vote and submit questions in advance of the 2023 AGM can be found in the [Notice of Annual General Meeting](#) accompanying [Virtual Meeting Guide](#) as set out in this AR. 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](mailto:corporate-enquiry@igbcomreit.com).

### Practice 13.6

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

The GM minutes which capture the attendance of Board members, matters approved by UHs, voting results and substantial and relevant comments or queries from UHs relating to the agenda together with responses from the Board and Management, are prepared by GCS and will be published on IGBCR's website within 5 business days upon conclusion of the proceedings.



## Corporate Governance Overview Statement

(continued)

Appendix

### ATTENDANCE RECORD OF DIRECTORS AND CEO AT BOARD AND BC MEETINGS, AND IGBCR'S AGM IN FY2022

	Board	AC	NC	RC	RMSC	AGM
Number of meetings in FY2022	4	4	1	1	4	1
TSL	4	4	1	1	N.A.	1
HHD	4	4	1	1	N.A.	1
LCC	4	4	1	1	N.A.	1
AKP	4	N.A.	1	1	N.A.	1
DSRT	4	4*	1*	1*	N.A.	1
ETHN	4	N.A.	N.A.	N.A.	N.A.	1
TMS	4	N.A.	N.A.	N.A.	4	1
TLC	4	3*	1	1	N.A.	1
TBL	4	N.A.	1*	1*	N.A.	1
APB, CEO	4*	N.A.	N.A.	N.A.	N.A.	1

**Note:**

\*Attendance by invitation

### CONTINUING PROFESSIONAL DEVELOPMENT

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge. Through participation in training and professional development programmes, Directors are routinely updated on developments and changes in the operating environment and applicable laws and regulations, including directors' duties and responsibilities, CG matters and changes in financial reporting standards, to enable them to discharge their duties effectively as members of the Board and where applicable, as BC members. Below are the details of seminars/webinars that Directors and CMSRL holders of the Manager attended during FY2022:

Training Focus	Seminars/Webinars
ESG	<ul style="list-style-type: none"> <li>▪ Bursa – Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers</li> <li>▪ Iclif Executive Education Centre – Corporate Governance/Open Enrolment: Sustainability and its Impact on Organisations - What Directors Need to Know</li> <li>▪ KPMG Board Leadership Centre – 2022 Board and Audit Committee Priorities</li> <li>▪ PwC – ESG and Real Estate: Towards Greater Value Creation</li> <li>▪ Securities Industry Development Corporation (SIDC) – Sustainable and Responsible Investment (SRI 2022): Preserving the Climate through Sustainable Business and Living</li> </ul>
Industry	<ul style="list-style-type: none"> <li>▪ Fin Freedom Sdn Bhd – Beyond Dollars &amp; Sense: The Art of Communication in Creating Better Values to Clients (Parts 1 &amp; 2)</li> <li>▪ Malaysian REIT Managers Association (MRMA) – 3rd Annual Malaysian REIT Forum 2022: M-REITs &amp; The Road Ahead</li> <li>▪ SIDC – The Future of Work Redesigned in Hybrid</li> </ul>
Economics, Finance and Accounting	<ul style="list-style-type: none"> <li>▪ CHK Consultancy (CHK) – Sun Tzu's Art of War for Traders and Investors Series: Effective Corporate Strategy in Current Environment</li> <li>▪ SC – Audit Oversight Board's Conversation with Audit Committees</li> </ul>
Internet of Things	<ul style="list-style-type: none"> <li>▪ CHK – Digital Leadership for Sustainable Business in Industry 4.0</li> </ul>

## Corporate Governance Overview Statement

(continued)

### RRPT MANDATE

At its 2022 AGM, IGBCR obtained a general mandate for IGBCR to enter into RRPT with RPs. Based on the actual amount utilised from the 2022 AGM up to the date of this CGOS, the actual value of RRPT has not exceeded the estimated value by 10% under the mandate. The following table set forth the RRPT entered into by IGBCR with RPs during FY2022 pursuant to the mandate:

Transacting parties	RRPT nature	Estimated value RM'000	Actual value FY2022 RM'000	Interested RPs
IGB Group <sup>(a)</sup>	Commercial leases, carparks and related services	12,000	8,153	IGBRM <sup>(e)</sup> IGB Corporation Berhad (IGBC) <sup>(e)</sup> IGB <sup>(e)</sup> DSRT <sup>(f)</sup> ETHN <sup>(g)</sup> Tan Mei Sian (TMS) <sup>(h)</sup> Tan Lei Cheng (TLC) <sup>(i)</sup> Tan Boon Lee (TBL) <sup>(j)</sup> Pauline Tan Suat Ming (PTSM) <sup>(k)</sup> Tony Tan Choon Keat (TTCK) <sup>(l)</sup> Tan Chin Nam Sdn Bhd (TCNSB) <sup>(m)</sup> Tan Kim Yeow Sdn Bhd (TKYSB) <sup>(n)</sup> Wah Seong (M) Trading Co. Sdn Bhd (WSTSB) <sup>(o)</sup> Daniel Yong Chen-I (DYCI) <sup>(p)</sup> Gabrielle Tan Hui Chween (GTHC) <sup>(q)</sup>
	Receipt of intellectual property	8	-	
	Manager Fee	25,000	15,484	
	Receipt of information system services and products	400	296	
	Receipt of upgrading, repair and maintenance works	500	21	
	Receipt of tenant sales verification audit and special review	100	-	
IGB REIT <sup>(b)</sup>	Commercial leases, carparks and related services	20	2	
	Receipt of chilled water	10,000	5,307	
WSTSB Group <sup>(c)</sup>	Commercial leases, carparks and related services	200	171	
	Purchase of building materials, audio equipment, electrical equipment and related products and services	100	-	
	Receipt of installation and maintenance of light boxes, panels, signages, etc., and advertising	150	-	
WSCB Group <sup>(d)</sup>	Commercial leases, carparks and related services	800	867	
	Purchase of building materials and related products/services	50	3	

#### Notes:

- <sup>(a)</sup> The principal activities of IGB Group are investment holding, provision of management services, property investment and management, owner and operator of malls, hotel operations, property development, construction, selling and distribution of utilities, information and communication technology services, provision of engineering services for water treatment plants and related services, education, investment holding and management of REITs.
- <sup>(b)</sup> IGB REIT is a REIT with principal investment policy of investing, directly and indirectly, in a portfolio of income producing real estate used primarily for retail purposes in Malaysia and overseas.
- <sup>(c)</sup> The principal activities of WSTSB Group are investment holding, trading in construction and building materials and other related products/services.
- <sup>(d)</sup> The principal activities of WSCB Group are investment holding and provision of management services to its subsidiaries; of specialised pipe coating and corrosion protection services; engineering, procurement and construction of gas compressors and process equipment; renewable energy; and infrastructure materials and services.
- <sup>(e)</sup> IGBRM is a wholly-owned subsidiary of IGBC, which in turn is wholly-owned by IGB, a major UH of IGBCR and IGB REIT.
- <sup>(f)</sup> DSRT is NINED of IGBRM and IGB; Chairman and NINED of WSCB; a director of certain subsidiaries within IGB Group, WSTSB Group and TKYSB Group; a major UH of IGBCR and IGB REIT; a major SH of IGB; a substantial SH of WSCB and TKYSB; the father of ETHN and GTHC; and a brother of PTSM and TTCK.
- <sup>(g)</sup> ETHN is Joint DCEO and ED of IGBRM; alternate to DSRT on the board of IGB; a director of certain subsidiaries within IGB Group; a daughter of DSRT; and a sister of GTHC.
- <sup>(h)</sup> TMS is ED of IGBRM; Deputy Group CEO and alternate to TLC on the board of IGB and WSTSB; and a director of certain subsidiaries within IGB Group.
- <sup>(i)</sup> TLC is NINED of IGBRM; Chairman and NINED of IGB; a director of certain subsidiaries within IGB Group, TCNSB Group and WSTSB; and a sister of TBL.
- <sup>(j)</sup> TBL is NINED of IGBRM; Group CEO and ED on the board of IGB; a director of certain subsidiaries within IGB Group, TCNSB Group and WSTSB Group; and a brother of TLC.

## Corporate Governance Overview Statement

(continued)

- <sup>(k)</sup> *PTSM is a director of WSTSB Group and TKYSB Group; a major UH of IGBCR and IGB REIT; a major SH of IGB; a substantial SH of TKYSB; the mother of DYCI; and a sister of DSRT and TTCK.*
- <sup>(l)</sup> *TTCK is a director of TKYSB Group; a major UH of IGBCR and IGB REIT; a major SH of IGB; a substantial SH of TKYSB; and a brother of DSRT and PTSM.*
- <sup>(m)</sup> *TCNSB is a major UH of IGBCR and IGB REIT; a major SH of IGB; a substantial SH of WSTSB; and a person connected to TLC, TBL and TMS.*
- <sup>(n)</sup> *TKYSB is a major UH of IGBCR and IGB REIT; a major SH of IGB; a substantial SH of WSTSB; and a person connected to DSRT, PTSM, TTCK, ETHN, DYCI and GTHC.*
- <sup>(o)</sup> *WSTSB is a major UH of IGBCR and IGB REIT; a major SH of IGB; and a person connected to DSRT, PTSM, TTCK, TCNSB and TKYSB.*
- <sup>(p)</sup> *DYCI is a director of certain subsidiaries within IGB Group, WSTSB Group and TKY Investment Pte Ltd; alternate to PTSM on the board of TKYSB; and a son of PTSM.*
- <sup>(q)</sup> *GTHC is a director of certain subsidiaries within IGB Group; a daughter of DSRT; and a sister of ETHN.*

## Audit Committee Report

The Audit Committee (AC) is delegated by the Board of Directors (Board) of IGB REIT Management Sdn Bhd (the Manager of IGB Commercial REIT (IGBCR)) with the authority to provide independent oversight of IGBCR's financial reporting, internal control systems, and of the adequacy of the external and internal audits, as well as to review conflict of interest (COI) situations and related party transactions (RPT). AC's terms of reference (ToR) are available on IGBCR's website, [www.igbcomreit.com](http://www.igbcomreit.com) under the menu item 'Governance'.

AC is empowered to investigate any matter relating to IGBCR's accounting, auditing, internal controls and/or financial practices brought to its attention, with full access to records, resources and personnel, so as to enable it to discharge its functions properly.

In carrying out its function, AC may also obtain independent or external legal or other professional advice or appoint external consultants as it considers necessary at the Manager's cost.

### MEMBERSHIP

AC comprises 3 Independent Non-Executive Directors; Tan Sri Dato' Prof. Lin See Yan, Mr. Lee Chen Chong and is chaired by Encik Halim bin Haji Din (AC Chairman), who is a former council member of the Malaysian Institute of Certified Public Accountants and a Member of the Malaysian Institute of Accountants.

AC members collectively have accounting and/or related financial management expertise. None of AC members have had an employment relationship with the incumbent external auditor (EA), PricewaterhouseCoopers PLT (PwC).

### Meetings

AC meetings in 2022 were pre-arranged in July 2021 together with the Board and other Committee meeting schedules.

AC met 4 times during the year and attendance at these meetings is disclosed in the [Corporate Governance Overview Statement](#) (CGOS) section. The management team of the Manager (Management) who can provide additional insight on financial results and business operations of IGBCR attended all meetings as requested by AC. Head of Group Internal Audit (GIA) of IGB Berhad (IGB), the parent company of the Manager, providing internal audit (IA) outsourcing, was also invited to AC meetings to present and provide deeper insight on its reports. After each AC meeting, AC Chairman reports to the Board on the key issues which have been discussed.

The audit lead engagement partner and Head of GIA have direct access to AC Chairman at all times and meet with AC, without Management being present, for open dialogue and feedback. AC had 2 private sessions with EA on 26 January 2022 and 3 November 2022 to discuss audit issues and concerns that EA wished to highlight to AC. Head of GIA also joined the November private session with AC. No major concerns were highlighted by EA and IA and they received full cooperation from Management.

### Evaluation

As outlined in the CGOS, an internal evaluation of Board effectiveness included a review by AC of its own effectiveness. The output was discussed by AC and it was concluded that AC has discharged its mandate effectively.

Based on the evaluation for FY2022, the Board was satisfied that together, the members of AC, whose names and biographies are set out in the [Profile of Directors](#) section, have the relevant knowledge, skills and experience to discharge their responsibilities effectively, and as a whole, have competence relevant to the REIT sector in which the Manager operates.

### Summary of Work

Throughout FY2022 and up until the date of this AC Report (ACR), AC has met its responsibilities in discharging its functions and obligations in accordance with its ToR as described below:

#### (a) Financial reporting

AC reviewed and deliberated with Management the IGBCR's quarterly financial results, annual financial statements and announcements relating to these statements before submitting them to the Board with a recommendation to approve. In the process, AC reviewed the significant financial reporting issues and judgements, including the appropriateness of accounting policies and the quality and completeness of disclosure to ensure the integrity of the quarterly reports and financial statements. AC also reviewed and discussed with Management, among other matters, the key audit matters identified by EA for FY2022.

AC has, with the support of PwC as EA, reviewed the suitability of the accounting policies which have been adopted and whether Management have made appropriate judgements and disclosures.

On 19 January 2023, AC reviewed the financial reporting checklist FY2022 completed by the Chief Financial Officer and assessed by the Chief Executive Officer, 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 the preparation of the 2022 financial statements of IGBCR (IGBCR Financial Statements FY2022) and, in all material respects, IGBCR Financial Statements FY2022 complied with the applicable accounting standards as well as regulatory disclosure requirements, and fairly present the results of the operations, cash flow and financial position of IGBCR. Based on this, AC confirmed to the Board that IGBCR Financial Statements FY2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for unitholders to assess IGBCR's financial position and results.

## Audit Committee Report

(continued)

### (b) Risk and control environment

AC reviewed the adequacy and effectiveness of IGBCR's policies and procedures regarding internal control system (including the financial, operational, information technology (IT), risk management, information security, outsourcing, compliance and those controls designed to detect material fraud) by reviewing the work of the internal and external auditors and regular reports from Management including those on risk management and regulatory compliance.

Risk management and sustainability oversight is placed under the purview of the Commercial Risk Management and Sustainability Committee (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, as well as implementing sustainability strategy, including monitoring progress against agreed targets and considering the environmental, social and governance reporting requirements. Each regular Commercial RMSC meeting included reviews of strategy, risk and sustainability related activities. The IA function, as part of their audit review, provides objective assurance to AC that Management has its strategy and risk framework and risk management policies and procedures in place.

In conjunction with Commercial RMSC, IA and EA, AC reviewed and concurred with Management confirmation that for FY2022, IGBCR's risk management and internal control systems were adequate and effective. No significant irregularity or deficiency in internal controls came to the attention of AC during FY2022. AC has reported this opinion to the Board.

Further details of IGBCR's state of internal controls, which includes the risk management and key internal control process are set out in the Statement on Risk Management and Internal Control (SORMIC) section.

### (c) IA

As described above, the IA function is outsourced and undertaken by IGB's GIA Department. The Head of GIA function, 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), reports directly and functionally to AC.

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 the internal control systems to manage risk exposures as well as the governance processes of the Manager and IGBCR. 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 (QAR) conducted by Crowe Governance Sdn Bhd in October 2020. The next QAR review will be in 2025. 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 the 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 annual plan, 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 RMSC in the areas of risk management, sustainability and business continuity. In addition, the Head of GIA is a member of the Whistleblowing Committee and Anti-Bribery and Corruption Committee for IGB Group. She also manages the Feedback channel for IGBCR.

AC is responsible for monitoring and reviewing the operation and effectiveness of IA function including its focus, plans, activities and resources. In fulfilling this responsibility, AC during FY2022 - reviewed and approved IA function's charter and annual plan including its work programme and activities; considered and were satisfied that the competencies, experience and level of resources within the GIA team were adequate to achieve the proposed plan; considered the role and effectiveness of IA in the overall context of internal controls and risk management of the Manager and IGBCR, including financial, operational, compliance and IT controls; received quarterly updates on the delivery of the 2022 plan and on the principal findings from the work of IA and Management's actions to remediate issues identified; approved the 2023 IA plan and scope of work and audit programme; and ensured co-ordination between IA and EA to maximise the benefits from clear communication and co-ordinated activities. AC also held a private meeting with GIA, without the presence of Management, to discuss any matters that AC should be aware of. A total of 20 IA reports, including progress reports and special reports, were conducted on the Manager and IGBCR based on the 2022 IA plan.

On an annual basis, AC evaluates the role, performance and effectiveness of the IA function and obtains confirmation on its independence and objectivity. AC concluded that for 2022 the IA function operated effectively and was satisfied that the quality, experience and expertise of the function was appropriate for the Manager and IGBCR.

The Manager and IGBCR have paid RM137,500 for IA services in FY2022.

## Audit Committee Report

(continued)

### (d) EA

Post completion of the 2021 audit, AC at its meeting in January 2022, reviewed PwC's audit report of the financial statements of IGBCR setting out their comments and conclusions on the significant auditing and accounting issues highlighted, including management's judgements, estimates and/or assessments made, and adequacy of disclosures in the financial statements.

At the November 2022 meeting, PwC outlined to AC in detail the 2022 external audit plan for IGBCR, encompassing the planned scope and timing for the year's audit, as well as their proposed audit fees.

On 19 January 2023, AC met separately with PwC (without Management present) to discuss any issues that may have arisen during the audit of IGBCR Financial Statements FY2022. AC also received a detailed presentation and final report from PwC on the conduct of IGBCR Financial Statements FY2022, the audit findings together with recommendations, in particular key audit matters included in the auditor's report.

The EA, as required by auditing standards, has also considered management override of controls. Nothing has come to the attention of either AC or EA to suggest any material misstatement related to suspected or actual fraud involving management override of controls.

In assessing the effectiveness of EA, AC considered the quality of presentations to AC; the technical insights provided relevant to IGBCR; the key audit findings, including their robustness and perceptiveness in handling of key accounting and audit judgements; and their demonstration of a clear understanding of IGBCR's business and key risks. On the basis of this review, AC confirmed to the Board that it was satisfied with PwC's technical competency in terms of their skills, execution of audit plan and reporting and overall performance, and the non-audit fees (predominantly tax compliance) paid to PwC, which were minimal, did not compromise their independence or objectivity. Requisite assurance was sought and provided by EA that internal governance processes within PwC demonstrate and support the firm's independence. AC also took note of the transparency report issued by PwC in 2022.

### (e) RPT/COI

AC reviewed the RPT and recurrent RPT (RRPT) to ensure compliance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements and Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts; received quarterly reports from the Head of Compliance on RPT and RRPT (tracked against their mandated thresholds); and reviewed and assessed from time to time whether additional processes are required to be put in place to manage any material COI within IGBCR and proposed, where appropriate, the relevant measures for the management of such conflicts for approval by the Board.

AC was satisfied that all RPT and RRPT were in the best interest of IGBCR whereby the terms concluded were fair, reasonable and based on commercial viability, and which were no less favourable to IGBCR than an arm's length transaction between independent parties and the monitoring procedures to regulate such transactions were appropriate and sufficient.

On 19 January 2023, AC reviewed the circular in relation to the renewal of existing RRPT with related parties to be sought at the 2023 Annual General Meeting, 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 reviewed and was satisfied with the ACR and SORMIC for publication in this Annual Report 2022.

The ACR and SORMIC were approved by the Board.

## CONTINUING PROFESSIONAL DEVELOPMENT

AC has kept the recent and relevant accounting or related financial management expertise or experience up to date by attending the training provided by the relevant regulatory parties. In addition, periodic updates on changes in accounting standards and their accounting implications on IGBCR are reported by EA at AC meetings.

This ACR is current as at 19 January 2023 and has been approved by the Board.

## 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 (IGBCR) adopts 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) – 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.

In January 2022, the Board approved updates to the Framework to include cybersecurity as reflected in IGB Berhad's Group Cybersecurity Policy (CSP).

### RISK MANAGEMENT

IGBCR'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 IGBCR 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 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 IGBCR 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 year, the Commercial RMSC reviewed the quarterly strategy & risk reports which include key risks identified, ratings accorded to each risk as well as controls and mitigating actions implemented or to be implemented by the Manager. Highlights of the salient risks and corresponding mitigating actions by IGBCR have been further detailed in the Management Discussion & Analysis section of the Annual Report.

# Statement on Risk Management and Internal Control

(continued)

## BUSINESS CONTINUITY PLAN

In order to provide contingency plans and recovery processes to respond and recover in the event of a disaster, IGBCR 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. 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.

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 whistle-blowers 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.

## CYBER SECURITY

Recognising the increasing role of digitalisation and data security in our business, IGB has in place the CSP and the IT Acceptable Use Policy (ITAUP) which help to 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.

In terms of cybersecurity, GSR is supported by IGB Berhad's IT Steering Committee (ITSC), which has overall responsibility for the CSP, and for reviewing its adequacy and effectiveness. The Head of Group IT (HoGIT) together with the Group IT Cybersecurity Team (CsT) is responsible for identifying, assessing, measuring, reviewing and reporting cybersecurity risks to the ITSC as well as implementing mitigating plans and actions for IGB.

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



## Statement on Risk Management and Internal Control

(continued)

### 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 IGBCR.

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 IGBCR.
- Instill 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 Chief Executive Officer (CEO), Joint Deputy 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 IGBCR'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 IGBCR annual report.

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

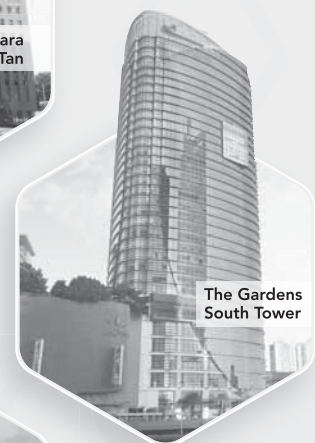
As required by paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external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

This Statement has been approved by the Board.

# FINANCIAL STATEMENTS

31 December 2022

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## 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 year ended 31 December 2022.

### 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 year.

### 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.

### DISTRIBUTION OF INCOME

IGBCR had declared distributions for the financial year ended 31 December 2022:-

- 1.93 sen per unit (@1.89 sen taxable and 0.04 sen non-taxable) for the period from 1 January 2022 to 30 June 2022 of amount RM44.9 million which was paid on 29 August 2022
- 1.49 sen per unit (@1.46 sen taxable and 0.03 sen non-taxable) for the period from 1 July 2022 to 31 December 2022 of amount RM34.7 million which is payable on 27 February 2023

### RESERVES AND PROVISIONS

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

### DIRECTORS

The Directors who have served on the Board of Directors of the Manager, during the financial year and during the period from the end of the financial year to the date of this 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 year, 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 year ended 31 December 2022, 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 year had, according to the register of unitholdings in IGBCR, interests in the units of IGBCR as follows:-

	Number of units			Balance at 31.12.2022
	Balance at 1.1.2022	Addition	Disposal/ Transferred	
Dato' Seri Robert Tan Chung Meng				
Direct	5,330,424	-	-	5,330,424
Indirect	1,470,601,793	26,669,686	-	1,497,271,479
Tan Lei Cheng				
Direct	21,266,680	121,555	-	21,388,235
Elizabeth Tan Hui Ning				
Direct	500,000	20,000	-	520,000
Tan Boon Lee				
Direct	14,464,100	1,000,000	-	15,464,100
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 year 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 year 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 year 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 year.

## 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 year 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 year 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 year 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 year.

### 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 23 February 2023.

**HALIM BIN HAJI DIN**  
DIRECTOR

**TAN MEI SIAN**  
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 2022 and of their financial performance and cash flows for the financial year ended 31 December 2022.

Signed on behalf of the Board of Directors of the Manager in accordance with a resolution of the Directors of the Manager dated 23 February 2023.

**HALIM BIN HAJI DIN**  
DIRECTOR

**TAN MEI SIAN**  
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 23 February 2023.

Before me:

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

## Trustee's Report

To the Unitholders of IGBCR (Established In Malaysia)

We have acted as Trustee of IGBCR for the financial year ended 31 December 2022. 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 year 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 year ended 31 December 2022 are in line with and are reflective of the objectives of IGBCR. Income distributions have been declared for the financial year ended 31 December 2022 as follows:-

- 1.93 sen per unit (@1.89 sen taxable and 0.04 sen non-taxable) for the period from 1 January 2022 to 30 June 2022 of amount RM44.9 million was paid on 29 August 2022
- 1.49 sen per unit (@1.46 sen taxable and 0.03 sen non-taxable) for the period from 1 July 2022 to 31 December 2022 of amount RM34.7 million which is payable on 27 February 2023

For and on behalf of the Trustee,  
**MTRUSTEE BERHAD**

**NURIZAN BINTI JALIL**  
CHIEF EXECUTIVE OFFICER

Selangor,  
Date: 23 February 2023

# 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 2022, and of their financial performance and their cash flows for the financial year then ended 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 2022 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 112.

### 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 year. 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 2022, 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.</p> <p>We performed testing on the rental rates, rental periods and net lettable area 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 assessed the reasonableness of the capitalisation rates outgoing expenses and allowance for void used by the valuer, with references to comparable real estate investment trusts, and carpark and other income to historical trends. We held discussions with the valuer to understand the factors they have considered in adjusting the inputs, including consideration of current market conditions and long term perspective. We challenged the valuer on certain inputs 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 outgoing expenses 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>

#### 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 2022 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, 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 year 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**  
03253/01/2025 J  
Chartered Accountant

Kuala Lumpur  
23 February 2023

## Statements of Financial Position

As at 31 December 2022

	Note	Group		Fund	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current assets</b>					
Investment properties	5	3,161,000	3,161,000	3,161,000	3,161,000
Investment in a subsidiary	6	-	-	-*	-*
Trade and other receivables	7	-	16	22,186	17,185
Cash and bank balances	8	-	15,887	-	-
<b>Total non-current assets</b>		<b>3,161,000</b>	<b>3,176,903</b>	<b>3,183,186</b>	<b>3,178,185</b>
<b>Current assets</b>					
Trade and other receivables	7	3,910	4,847	3,910	4,847
Cash and bank balances	8	118,963	93,454	96,777	93,346
<b>Total current assets</b>		<b>122,873</b>	<b>98,301</b>	<b>100,687</b>	<b>98,193</b>
<b>Total assets</b>		<b>3,283,873</b>	<b>3,275,204</b>	<b>3,283,873</b>	<b>3,276,378</b>
<b>Financed by</b>					
<b>Unitholders' fund</b>					
Unitholders' capital	9	2,318,740	2,303,017	2,318,740	2,303,017
Accumulated losses		(21,077)	(4,472)	(21,077)	(4,472)
<b>Total unitholders' fund</b>		<b>2,297,663</b>	<b>2,298,545</b>	<b>2,297,663</b>	<b>2,298,545</b>
<b>Non-current liabilities</b>					
Borrowings	10	847,791	847,196	-	-
Trade and other payables	11	-	-	847,791	847,196
<b>Total non-current liabilities</b>		<b>847,791</b>	<b>847,196</b>	<b>847,791</b>	<b>847,196</b>
<b>Current liabilities</b>					
Borrowings	10	4,868	4,235	3,239	2,911
Trade and other payables	11	133,551	125,228	135,180	127,726
<b>Total current liabilities</b>		<b>138,419</b>	<b>129,463</b>	<b>138,419</b>	<b>130,637</b>
<b>Total liabilities</b>		<b>986,210</b>	<b>976,659</b>	<b>986,210</b>	<b>977,833</b>
<b>Total unitholders' fund and liabilities</b>		<b>3,283,873</b>	<b>3,275,204</b>	<b>3,283,873</b>	<b>3,276,378</b>
<b>Net asset value ("NAV")</b>					
- before income distribution		2,377,337	2,325,028	2,377,337	2,325,028
- after income distribution		2,297,663	2,298,545	2,297,663	2,298,545
<b>Number of units in circulation ('000 units)</b>	9	<b>2,334,867</b>	<b>2,308,198</b>	<b>2,334,867</b>	<b>2,308,198</b>
<b>NAV per unit (RM)</b>					
- before income distribution		1.0182	1.0073	1.0182	1.0073
- after income distribution		0.9841	0.9958	0.9841	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 Year Ended 31 December 2022

	Note	Group and Fund	
		Financial Year ended 31.12.2022 RM'000	From 31.03.2021 (date of establishment) to 31.12.2021 RM'000
Lease revenue		121,659	34,804
Revenue from contracts with customers		68,774	18,563
<b>Revenue</b>	12	<b>190,433</b>	<b>53,367</b>
Utilities expenses		(19,476)	(4,829)
Maintenance expenses		(16,707)	(4,544)
Quit rent and assessment		(13,998)	(4,083)
Reimbursement costs and other operating expenses	13	(26,631)	(3,316)
<b>Property operating expenses</b>		<b>(76,812)</b>	<b>(16,772)</b>
<b>Net property income</b>		<b>113,621</b>	<b>36,595</b>
Interest income		2,159	235
Changes in fair value of investment properties		-	500
<b>Net investment income</b>		<b>115,780</b>	<b>37,330</b>
Manager's management fees	14	(15,484)	(4,669)
Trustees' fees		(464)	(135)
Valuation fees		(180)	(245)
Other trust expenses		(324)	(739)
Finance costs	15	(36,259)	(9,531)
		(52,711)	(15,319)
<b>Profit before taxation</b>		<b>63,069</b>	<b>22,011</b>
Taxation	16	-	-
<b>Profit after taxation</b>		<b>63,069</b>	<b>22,011</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income attributable to unitholders</b>		<b>63,069</b>	<b>22,011</b>
<b>Total comprehensive income is made up as follows:-</b>			
Realised		63,069	21,511
Unrealised		-	500
		<b>63,069</b>	<b>22,011</b>
<b>Basic earnings per unit (sen)</b>	17	<b>2.72</b>	<b>0.95</b>
<b>Diluted earnings per unit (sen)</b>	17	<b>2.72</b>	<b>0.95</b>
Total comprehensive income		63,069	22,011
Distribution adjustments	18	16,397	4,472
Distributable income		<b>79,466</b>	<b>26,483</b>
<b>Distribution per unit (sen)</b>	18	<b>3.42</b>	<b>1.15</b>

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

## Statements of Changes in Net Asset Value

For the Financial Year Ended 31 December 2022

	Note	Unitholders' capital RM'000	Accumulated losses RM'000	Total unitholders' funds RM'000
<b>Group and Fund</b>				
<b>As at 1 January 2022</b>		2,303,017	(4,472)	2,298,545
Profit after tax/Total comprehensive income for the year attributable to unitholders		-	63,069	63,069
Distribution to unitholders	18	-	(79,674)	(79,674)
Net total comprehensive loss for the year attributable to unitholders		-	(16,605)	(16,605)
<b>Unitholders' transactions</b>				
Manager's management fees paid in Units	9	15,723	-	15,723
Increase in net assets resulting from unitholders' transactions		15,723	-	15,723
<b>As at 31 December 2022</b>		<b>2,318,740</b>	<b>(21,077)</b>	<b>2,297,663</b>
<b>As at 31 March 2021</b>				
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)
<b>Unitholders' transactions</b>				
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
<b>As at 31 December 2021</b>		<b>2,303,017</b>	<b>(4,472)</b>	<b>2,298,545</b>

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

## Statements of Cash Flows

For the Financial Year Ended 31 December 2022

	Note	Group		Fund	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
Profit before taxation		63,069	22,011	63,069	22,011
<i>Adjustments for:-</i>					
Manager's management fee payable in Units		15,484	4,669	15,484	4,669
Impairment of trade receivables		66	-	66	-
Fair value gain on investment properties		-	(500)	-	(500)
Finance costs		36,259	9,531	36,259	9,531
Interest income		(2,159)	(235)	(2,159)	(235)
Operating income before changes in working capital		112,719	35,476	112,719	35,476
Net change in trade and other receivables		790	(4,683)	790	(4,683)
Net change in trade and other payables		24	86,333	24	87,507
<b>Net cash generated from operating activities</b>		<b>113,533</b>	<b>117,126</b>	<b>113,533</b>	<b>118,300</b>
<b>Cash flows from investing activities</b>					
Acquisition of investment properties*		-	(853,200)	-	(853,200)
Interest received		2,627	56	2,256	56
Advance to a subsidiary company		-	-	(5,820)	(17,169)
Movement in pledged deposit		15,887	(15,887)	-	-
<b>Net cash generated from/(used in) investing activities</b>		<b>18,514</b>	<b>(869,031)</b>	<b>(3,564)</b>	<b>(870,313)</b>
<b>Cash flows from financing activities</b>					
Drawdown of borrowings		-	853,200	-	3,200
Interest paid		(35,056)	(7,841)	(35,056)	(7,841)
Distribution paid to Unitholders		(71,482)	-	(71,482)	-
Borrowings from subsidiary company		-	-	-	850,000
<b>Net cash (used in)/generated from financing activities</b>		<b>(106,538)</b>	<b>845,359</b>	<b>(106,538)</b>	<b>845,359</b>
<b>Net increase in cash and cash equivalents</b>		<b>25,509</b>	<b>93,454</b>	<b>3,431</b>	<b>93,346</b>
Cash and cash equivalents at beginning of the financial year/period		93,454	-	93,346	-
<b>Cash and cash equivalents at end of the financial year/period</b>	8	<b>118,963</b>	<b>93,454</b>	<b>96,777</b>	<b>93,346</b>
<b>*Non-cash transactions reconciliation:-</b>					
Cash consideration		-	853,200	-	853,200
Non-cash consideration - issuance of new Units	9	-	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.

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

# 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:-

<u>Registered office</u>	<u>Principal place of business</u>
Level 32, The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Menara IGB & IGB Annexe ("MIGB"), Centrepoint South ("CPS"), Centrepoint North ("CPN"), The Gardens South Tower ("TGST"), The Gardens North Tower ("TGNT"), Southpoint Offices & Retail ("SPOR") and Boulevard Offices & Retail ("BOR") 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. 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 year ended 31 December 2022 were authorised for issue in accordance with a resolution by the Directors of the Manager on 23 February 2023.

### (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.

#### (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.

# Notes to the Financial Statements

(continued)

## 1 GENERAL (continued)

### (B) Fee Structure (continued)

#### (b) Manager's management fees (continued)

- iii) 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").

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.



# Notes to the Financial Statements

(continued)

## 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 year beginning on 1 January 2022:-

- Amendment to MFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021'
- Amendments to MFRS 116 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Amendments to MFRS 3 'Reference to the Conceptual Framework'

The adoption of new standards and amendments to published standards above did not have a material impact on the financial statements of the Group and of the Fund in the current period or any prior period.

### (c) IFRIC agenda decisions that are concluded and published

In view that MFRS is fully converged with IFRS, the Group and the Fund consider all agenda decisions published by the IFRS Interpretation Committee (IFRIC). Where relevant, the Group may change their accounting policy to be aligned with the agenda decision.

During the year, the Group has assessed the implication of the IFRIC agenda decision on demand deposits with restrictions on use arising from a contract with third party.

In line with the IFRIC agenda decision, the Group has as at the reporting date reassessed the presentation of its pledged deposit which is maintained in a Debt Service Reserve Account, and determine that the deposits meets the definition of cash and cash equivalents. Prior year comparatives have not been restated as the impact to the comparative is not material. Refer to disclosure in Note 8.

### (d) 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:-

- 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.
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the "lease payments" or "revised lease payments" in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains. The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.
- There are two amendments to MFRS 101 'Presentation of Financial Statements'. The first amendments, 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The second amendments, 'Non-current Liabilities with Covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date. Both amendments are effective for the annual reporting periods beginning on or after 1 January 2024.

The amendments shall be applied retrospectively.

# Notes to the Financial Statements

(continued)

## 2 BASIS OF PREPARATION (continued)

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

The adoption of the first amendment above will not have a material impact on the financial statements of the Group and of the Fund in the current period or any prior period. 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.

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.

## Notes to the Financial Statements

(continued)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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.

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.

Prepaid or accrued operating lease income is excluded from the fair value of the related investment property. The prepaid or accrued operating lease income is a separate asset or liability.

Incentives paid by a lessor to a lessee to enter into a lease are initially recognised as an asset and treated as a reduction of the lease payments over the lease term. The fair value of the property is based on the net rentals (after deducting the incentive). The fair value does not reflect the element of the gross rental that has effectively been subsidised by the lessor through giving the incentive.

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").

## Notes to the Financial Statements

(continued)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Financial assets (continued)

##### (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.

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. 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 and changes in the operating results of the debtor.

## Notes to the Financial Statements

(continued)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Financial assets (continued)

##### (v) Subsequent measurement – Impairment (continued)

###### 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.

###### Write-off – trade receivables

Trade receivables 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 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.

## Notes to the Financial Statements

(continued)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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.

#### (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.

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.

## Notes to the Financial Statements

(continued)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Revenue/income recognition (continued)

##### Revenue from contracts with customers (continued)

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.

##### 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.



## Notes to the Financial Statements

(continued)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Leases (continued)

##### (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.

#### (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.

## Notes to the Financial Statements

(continued)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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.

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 financial year. 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.

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

## Notes to the Financial Statements

(continued)

### 5 INVESTMENT PROPERTIES

	Group and Fund	
	2022	2021
	RM'000	RM'000
As at 1 January 2022/ At the date of establishment, 31 March 2021	3,161,000	-
Acquisition of investment properties	-	3,160,500
Net fair value gain recognised in statements of comprehensive income	-	500
As at 31 December	<b>3,161,000</b>	<b>3,161,000</b>

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 5 January 2023 issued by Henry Butcher, the fair values of the 10 properties as at 31 December 2022 amounted to 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 31.12.2022 RM'000	Fair value as at 31.12.2021 RM'000	Percentage of fair value to NAV <sup>*4</sup> as at 31.12.2022 %
MIGB	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold <sup>*1</sup>	189,000	189,000	8.2
CPS	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold <sup>*1</sup>	193,000	192,000	8.4
CPN	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold <sup>*1</sup>	196,000	196,000	8.5
BOR	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold <sup>*1</sup>	80,000	80,000	3.5
TGST	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold <sup>*2</sup>	396,000	394,000	17.2
TGNT	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold <sup>*2</sup>	386,000	386,000	16.8
SPOR	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold <sup>*3</sup>	572,000	572,000	24.9
MTT	17.09.2021	31.12.2022	Kuala Lumpur	Freehold	248,000	240,000	10.8
GT	17.09.2021	31.12.2022	Kuala Lumpur	Freehold	723,000	733,000	31.5
HPO	17.09.2021	31.12.2022	Kuala Lumpur	Freehold	178,000	179,000	7.7
					<b>3,161,000</b>	<b>3,161,000</b>	

	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 <sup>*4</sup> as at 31.12.2021 %
MIGB	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold <sup>*1</sup>	189,000	188,900	8.2
CPS	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold <sup>*1</sup>	192,000	190,500	8.4
CPN	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold <sup>*1</sup>	196,000	196,500	8.5
BOR	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold <sup>*1</sup>	80,000	78,000	3.5
TGST	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold <sup>*2</sup>	394,000	391,500	17.1
TGNT	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold <sup>*2</sup>	386,000	382,100	16.8
SPOR	17.09.2021	31.12.2021	Kuala Lumpur	Leasehold <sup>*3</sup>	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
					<b>3,161,000</b>	<b>3,160,500</b>	

Notes:-

<sup>\*1</sup> The lease has a period of 83 years expiring on 11 April 2104.

<sup>\*2</sup> The lease has a period of 99 years expiring on 6 June 2103.

<sup>\*3</sup> The lease has a period of 99 years expiring on 21 March 2120.

<sup>\*4</sup> 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 2022 were as follows:-

### Group and Fund

Valuation technique	Sensitivity analysis on fair value measurements*1									
	Parameters					Sensitivity analysis on fair value measurements*1				
	Capitalisation rates					Sensitivity analysis on fair value measurements*1				
Fair value	Term Reversionary period	Car park and other income	Outgoings	Allowance for void	Impact of lower capitalisation rate	Impact of higher capitalisation rate	Impact of lower outgoings	Impact of higher outgoings	Impact of lower allowance for void	Impact of higher allowance for void
RM'000	%	%	RM psf	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income approach	4.00 - 5.75	6.00	1.20 - 1.82	5.0 - 15.0	123,400	(114,100)	139,000	(139,700)	105,100	(105,100)
					123,400	(114,100)	139,000	(139,700)	105,100	(105,100)
					123,400	(114,100)	139,000	(139,700)	105,100	(105,100)

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 250 basis point on existing unexpired contractual terms are used as these are the key inputs subjected to changes in market conditions.

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

### Group and Fund

Valuation technique	Sensitivity analysis on fair value measurements*1									
	Parameters					Sensitivity analysis on fair value measurements*1				
	Capitalisation rates					Sensitivity analysis on fair value measurements*1				
Fair value	Term Reversionary period	Car park and other income	Outgoings	Allowance for void	Impact of lower capitalisation rate	Impact of higher capitalisation rate	Impact of lower outgoings	Impact of higher outgoings	Impact of lower allowance for void	Impact of higher allowance for void
RM'000	%	%	RM psf	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income approach	4.00 - 5.75	6.00	1.10 - 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)
					134,100	(123,900)	138,900	(138,900)	169,254	(169,254)

Notes:-

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

## Notes to the Financial Statements

(continued)

### 5 INVESTMENT PROPERTIES (continued)

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

The lease revenue arising from investment properties during the financial year is RM121,659,000 (2021: RM34,804,000) (Note 12).

Direct operating expenses arising from investment properties during the financial year is RM76,812,000 (2021: 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.

Undiscounted lease payments to be received on leases of investment properties are disclosed in Note 23.

### 6 INVESTMENT IN A SUBSIDIARY

	Fund	
	2022 RM'000	2021 RM'000
<b>At cost</b>		
Unquoted shares	-*	-*

\* Denotes RM2

Name of company	Principal activities	Place of incorporation	Group's effective interest (%)	
			2022	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	100

## Notes to the Financial Statements

(continued)

### 7 TRADE AND OTHER RECEIVABLES

	Group		Fund	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
Amount due from subsidiary	-	-	22,186	17,169
Prepayments	-	16	-	16
<b>Total – non-current</b>	<b>-</b>	<b>16</b>	<b>22,186</b>	<b>17,185</b>
<b>Current</b>				
Trade receivables	1,198	2,141	1,198	2,141
Less: Loss allowance	(66)	-	(66)	-
Trade receivables – net	1,132	2,141	1,132	2,141
Deferred lease incentives	318	483	318	483
	<b>1,450</b>	<b>2,624</b>	<b>1,450</b>	<b>2,624</b>
Amounts due from related companies	448	1,417	448	1,417
Amounts due from holding company	-*	-	-*	-
Other receivables	912	293	912	293
Deposits	941	21	941	21
	<b>2,301</b>	<b>1,731</b>	<b>2,301</b>	<b>1,731</b>
Prepayments	159	492	159	492
	<b>2,460</b>	<b>2,223</b>	<b>2,460</b>	<b>2,223</b>
<b>Total – current</b>	<b>3,910</b>	<b>4,847</b>	<b>3,910</b>	<b>4,847</b>
<b>Total trade and other receivables</b>	<b>3,910</b>	<b>4,863</b>	<b>26,096</b>	<b>22,032</b>

\* Amount below RM1,000.

The credit terms of trade receivables were 7 days (2021: 7 days).

The amounts due from related companies are non-trade in nature, unsecured and repayable on demand.

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 2.75% (2021: 1.75%) per annum. The Fund does not expect to realise this balance within twelve months after the reporting period, therefore it is classified as non-current asset as at 31 December 2022.

### 8 CASH AND CASH EQUIVALENTS

	Group		Fund	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current asset</b>				
Deposits placed with licensed banks	-	15,887	-	-
<b>Current assets</b>				
Cash in hand	16	14	16	14
Bank balances	9,061	18,197	9,056	17,974
Deposits placed with licensed banks	109,886	75,243	87,705	75,358
Cash and bank balances	118,963	109,341	96,777	93,346
Less: Pledged deposits	-	(15,887)	-	-
<b>Cash and cash equivalents</b>	<b>118,963</b>	<b>93,454</b>	<b>96,777</b>	<b>93,346</b>

## Notes to the Financial Statements

(continued)

### 8 CASH AND CASH EQUIVALENTS (continued)

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 a pledged deposit of RM22.1 million (2021: 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 2.75% (2021: 1.75%) per annum as at reporting date. The amount has been presented as part of cash and cash equivalent as at 31 December 2022 in line with the IFRS Interpretations Committee ("IFRIC") agenda decision on demand deposits with restrictions on use arising from a contract with third party as disclosed in Note 2(c).

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 2.71% (2021: 1.72%) per annum and 2.70% (2021: 1.71%) per annum respectively.

Deposits with licensed banks of the Group and the Fund have a weighted average maturity of 21 days (2021: 66 days) and 18 days (2021: 60 days) respectively.

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

<u>Group</u>	Borrowings RM'000	Distribution payable to unitholders RM'000	Total RM'000
<b>As at 1 January 2022</b>	851,431	26,483	877,914
Cash flows:-			
Interest paid	(34,963)	-	(34,963)
Payment to unitholders	-	(71,482)	(71,482)
	(34,963)	(71,482)	(106,445)
Non-cash changes:-			
Interest charged during the financial year	35,278	-	35,278
Amortisation of transaction costs	913	-	913
Distribution to unitholders	-	79,674	79,674
	36,191	79,674	115,865
<b>As at 31 December 2022</b>	<b>852,659</b>	<b>34,675</b>	<b>887,334</b>
<b>As at 31 March 2021</b>	-	-	-
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
<b>As at 31 December 2021</b>	<b>851,431</b>	<b>26,483</b>	<b>877,914</b>



## Notes to the Financial Statements

(continued)

### 8 CASH AND CASH EQUIVALENTS (continued)

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

<u>Fund</u>	Amount due to subsidiary RM'000	Borrowings RM'000	Distribution payable to unitholders RM'000	Total RM'000
<b>As at 1 January 2022</b>	848,520	2,911	26,483	877,914
Cash flows:-				
Interest paid	(34,865)	(98)	-	(34,963)
Payment to shareholder	-	-	(71,482)	(71,482)
	(34,865)	(98)	(71,482)	(106,445)
Non-cash changes:-				
Interest charged during the financial year	35,170	108	-	35,278
Amortisation of transaction costs	595	318	-	913
Distribution to unitholders	-	-	79,674	79,674
	35,765	426	79,674	115,865
<b>As at 31 December 2022</b>	<b>849,420</b>	<b>3,239</b>	<b>34,675</b>	<b>887,334</b>
<b>As at 31 March 2021</b>	-	-	-	-
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
<b>As at 31 December 2021</b>	<b>848,520</b>	<b>2,911</b>	<b>26,483</b>	<b>877,914</b>

### 9 UNITHOLDERS' CAPITAL

	Note	Group and Fund			
		2022		2021	
		Number of units '000	Value RM'000	Number of units '000	Value RM'000
<b>Issued and fully paid up:</b>					
As at 1 January 2022/As at date of establishment, 31 March 2021		2,308,198	2,303,017	-	-
Issuance of new Units:					
- acquisition of investment properties	a	-	-	2,307,300	2,307,300
- manager's fee paid in Units	b	26,669	15,723	898	592
Transaction cost in relation to issuance of Units		-	-	-	(4,875)
<b>As at 31 December</b>		<b>2,334,867</b>	<b>2,318,740</b>	<b>2,308,198</b>	<b>2,303,017</b>

## Notes to the Financial Statements

(continued)

### 9 UNITHOLDERS' CAPITAL (continued)

#### 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 year/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.

### 10 BORROWINGS

	Note	Group		Fund	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current (secured):</b>					
Medium Term Notes	a	1,629	1,324	-	-
Revolving Credit	b	3,239	2,911	3,239	2,911
		<b>4,868</b>	<b>4,235</b>	<b>3,239</b>	<b>2,911</b>
<b>Non-current (secured):</b>					
Medium Term Notes	a	847,791	847,196	-	-
		<b>847,791</b>	<b>847,196</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>852,659</b>	<b>851,431</b>	<b>3,239</b>	<b>2,911</b>

- (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 RM850 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, TGST, TGNT, SPOR, 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;

## Notes to the Financial Statements

(continued)

### 10 BORROWINGS (continued)

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

(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.

(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 BOR.

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
<b>Group</b>					
<u>As at 31 December 2022</u>					
Tranche 1, MTN	1,629	-	-	847,791	849,420
RC	3,239	-	-	-	3,239
	<b>4,868</b>	<b>-</b>	<b>-</b>	<b>847,791</b>	<b>852,659</b>
<u>As at 31 December 2021</u>					
Tranche 1, MTN	1,324	-	-	847,196	848,520
RC	2,911	-	-	-	2,911
	<b>4,235</b>	<b>-</b>	<b>-</b>	<b>847,196</b>	<b>851,431</b>
<b>Fund</b>					
<u>As at 31 December 2022</u>					
RC	3,239	-	-	-	3,239
	<b>3,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,239</b>
<u>As at 31 December 2021</u>					
RC	2,911	-	-	-	2,911
	<b>2,911</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,911</b>

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

	Group		Fund	
	2022 per annum	2021 per annum	2022 per annum	2021 per annum
Tranche 1, MTN	5.38%	3.79%	-	-
RC	4.11%	3.02%	4.11%	3.02%

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

## Notes to the Financial Statements

(continued)

### 11 TRADE AND OTHER PAYABLES

	Note	Group		Fund	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>					
Amount due to a subsidiary	a	-	-	847,791	847,196
<b>Current</b>					
Tenants' deposits	b	75,510	73,333	75,510	73,333
Trade and other payables and accrued expenses	c	10,697	7,521	10,697	9,515
Indirect tax payable		59	41	59	41
Prepaid rental		4,874	6,272	4,874	6,272
Lease incentive liabilities		1,702	1,210	1,702	1,210
Amount due to ultimate holding company	d	-	5,578	-	4,758
Amount due to subsidiary	a	-	-	1,629	1,324
Amounts due to related companies	d	4,146	4,790	4,146	4,790
Distribution payable to unitholders		34,675	26,483	34,675	26,483
Contract liabilities	e	1,888	-	1,888	-
		<b>58,041</b>	<b>51,895</b>	<b>59,670</b>	<b>54,393</b>
Total current trade and other payables		<b>133,551</b>	<b>125,228</b>	<b>135,180</b>	<b>127,726</b>
Total trade and other payables		<b>133,551</b>	<b>125,228</b>	<b>982,971</b>	<b>974,922</b>

- (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. The carrying 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.
- (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) Contract liabilities consist of advance receipts from tenants for the payment of service charges.

## Notes to the Financial Statements

(continued)

### 12 REVENUE

	Group and Fund	
	Financial year ended 31.12.2022 RM'000	31.03.2021 (date of establishment) to 31.12.2021 RM'000
<u>Lease revenue</u>		
- Rental income	121,659	34,804
	<u>121,659</u>	<u>34,804</u>
<u>Revenue from contracts with customers</u>		
- Service charge	56,532	16,403
- Car park income	6,062	1,110
- Utilities recoverable	4,510	752
- Others	1,670	298
	<u>68,774</u>	<u>18,563</u>
Gross revenue	<u>190,433</u>	<u>53,367</u>
Revenue from contracts with customers is recognised:-		
- Over time	<u>68,774</u>	<u>18,563</u>

There are no variable lease payments that depend on an index or rate.

### 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	
	Financial year ended 31.12.2022 RM'000	31.03.2021 (date of establishment) to 31.12.2021 RM'000
Manpower costs	18,189	2,060
Marketing expenses	2,232	70
Administration expenses	2,297	674
Management expenses	2,904	107
Insurance premium	1,009	405
	<u>26,631</u>	<u>3,316</u>

### 14 MANAGER'S MANAGEMENT FEES

	Group and Fund	
	Financial year ended 31.12.2022 RM'000	31.03.2021 (date of establishment) to 31.12.2021 RM'000
Base fee	9,803	2,839
Performance fee	5,681	1,830
	<u>15,484</u>	<u>4,669</u>

## Notes to the Financial Statements

(continued)

### 14 MANAGER'S MANAGEMENT FEES (continued)

The Manager's management fees for the financial year ended 31 December 2022 amounting to RM11,646,000 has been paid in Units and the remaining amount of RM3,838,000 will be paid in Units on 31 January 2023.

The Manager's management fees for the financial year ended 31 December 2021 amounting to RM592,000 was paid in Units on 2 November 2021 and the remaining amount of RM4,077,000 was paid in Units on 3 February 2022.

### 15 FINANCE COSTS

	Group		Fund	
	Financial year ended 31.12.2022 RM'000	31.03.2021 (date of establishment) to 31.12.2021 RM'000	Financial year ended 31.12.2022 RM'000	31.03.2021 (date of establishment) to 31.12.2021 RM'000
Interest expense on:				
- MTN and RC	36,191	9,497	426	159
- advances from subsidiary	-	-	35,765	9,338
- others	68	34	68	34
	<b>36,259</b>	<b>9,531</b>	<b>36,259</b>	<b>9,531</b>

### 16 TAXATION

	Group and Fund	
	Financial year ended 31.12.2022 RM'000	31.03.2021 (date of establishment) to 31.12.2021 RM'000
<b>Reconciliation of tax expense</b>		
Profit before taxation	63,069	22,011
Income tax using Malaysian tax rate of 24% (2021: 24%)	15,137	5,283
Non-deductable expenses	737	224
Income not subject to tax	-	(120)
Income exempted from tax	(15,874)	(5,387)
	<b>-</b>	<b>-</b>

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 year ended 31 December 2022 is 100% (2021: 100%) of the total distributable income, no provision for income taxation has been made for the current financial year.

## Notes to the Financial Statements

(continued)

### 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.

	Note	Group and Fund	
		2022 RM'000	2021 RM'000
<b>Total comprehensive income</b>			
- Realised		63,069	21,511
- Unrealised		-	500
Total		<b>63,069</b>	<b>22,011</b>
<b>Weighted average number of Units ('000)</b>			
Weighted average number of Units in issue		2,322,701	2,307,624
Adjustment for Manager's management fees payable in Units	a	6,661	6,574
Weighted average number of Units for diluted EPU		<b>2,329,362</b>	<b>2,314,198</b>
<b>Basic/Diluted EPU (sen)</b>			
- Realised		2.72	0.93
- Unrealised		-	0.02
Total		<b>2.72</b>	<b>0.95</b>

Diluted EPU approximate to Basic EPU.

Note (a):-

	Group and Fund			
	2022		2021	
	Number of units '000	Value RM'000	Number of units '000	Value RM'000
Manager's management fees payable in Units				
- from 1 October 2022 to 31 December 2022 at RM0.576 per Unit listed on 31 January 2023	6,661	3,838	-	-
- from 1 October 2021 to 31 December 2021 at RM0.62 per Unit listed on 3 February 2022	-	-	6,574	4,077

## Notes to the Financial Statements

(continued)

### 18 DISTRIBUTION TO UNITHOLDERS

	Note	Group and Fund	
		2022 RM'000	2021 RM'000
Total comprehensive income		63,069	22,011
Distribution adjustments	a	16,397	4,472
Distributable income		<u>79,466</u>	<u>26,483</u>
Distribution per unit (sen)			
- for the period from 1 January 2022 to 30 June 2022		1.93	-
- for the period from 1 July 2022 to 31 December 2022		1.49	-
- for the period from 31 March 2021 to 31 December 2021		-	1.147
		<u>3.42</u>	<u>1.147</u>
<u>Sources of distribution</u>			
Lease revenue		121,659	34,804
Revenue from contracts with customers		68,774	18,563
Interest income		2,159	235
		<u>192,592</u>	<u>53,602</u>
Changes in fair value of investment properties		-	500
Less: Expenses		(129,523)	(32,091)
Total comprehensive income		63,069	22,011
Distribution adjustments	a	16,397	4,472
Distributable income		<u>79,466</u>	<u>26,483</u>
Income distribution of 1.93 sen per unit (@1.89 sen taxable and 0.04 sen non-taxable) for the period from 1 January 2022 to 30 June 2022		(44,932)	-
Income distribution of 1.49 sen per unit (@1.46 sen taxable and 0.03 sen non-taxable) for the period from 1 July 2022 to 31 December 2022		(34,675)	-
Income distribution of 1.147 sen per unit (@1.147 sen taxable) for the period from 31 March 2021 to 31 December 2021		-	(26,483)
Adjustment for under provision of income distribution		141	-
Income retained		<u>-</u>	<u>-</u>

	Note	Group and Fund	
		2022 RM'000	2021 RM'000
<u>Note (a):-</u>			
Distribution adjustments comprise:-			
Manager's management fees payable in Units	14	15,484	4,669
Amortisation of transaction costs		913	303
Changes in fair value of investment properties	5	-	(500)
		<u>16,397</u>	<u>4,472</u>



## Notes to the Financial Statements

(continued)

### 18 DISTRIBUTION TO UNITHOLDERS (continued)

Withholding tax will be deducted for distributions as follows:-

	Withholding tax rate	
	2022	2021
Resident corporate	N/A <sup>^</sup>	N/A <sup>^</sup>
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	24%	24%
Non-resident institutional	10%	10%

<sup>^</sup> to tax at prevailing rate

### 19 MANAGEMENT EXPENSE RATIO

	Group and Fund	
	2022	2021
Management expense ratio ("MER") (%)	0.72	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 year, 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 comprises 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

	Note	Group		Fund	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 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	3,433	3,872	25,619	21,041
- Cash and bank balances	8	118,963	109,341	96,777	93,346
<b>Total financial assets</b>		<b>122,396</b>	<b>113,213</b>	<b>122,396</b>	<b>114,387</b>
<u>Financial liabilities at amortised cost</u>					
Liabilities as per statement of financial position:-					
- Borrowings	10	852,659	851,431	3,239	2,911
- Trade and other payables excluding indirect tax payable, lease incentives liabilities, prepaid rental and contract liabilities	11	125,028	117,705	974,448	967,399
<b>Total financial liabilities</b>		<b>977,687</b>	<b>969,136</b>	<b>977,687</b>	<b>970,310</b>

# 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 a subsidiary company.

The information on maturity dates and effective interest rates of these borrowings and amount due to a subsidiary company 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Increase/(Decrease) to profit after tax and equity if:</b>				
KLIBOR increase by 10 basis points	(853)	(853)	(853)	(853)
KLIBOR decrease by 10 basis points	853	853	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 non-performance 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 RM'000	1-7 days RM'000	8-30 days RM'000	31-60 days RM'000	61-90 days RM'000	>90 days RM'000	Total RM'000
<u>As at 31 December 2022</u>							
Trade receivables (gross)	-	-	649	312	27	210	1,198
Loss allowance	-	-	-	-	-	(66)	(66)
Trade receivables (net)	-	-	649	312	27	144	1,132
Expected credit loss rate*	0%	0%	0%	0%	0%	100%	
<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 movement of loss allowance of trade receivables is as follows:-

	Group and Fund	
	2022 RM'000	2021 RM'000
As at 1 January/31 March	-	-
Loss allowance	66	-
As at 31 December	66	-

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.

## 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)

Cash and bank balances as at 31 December 2022 of the Group and of the Fund of RM119.0 million and RM96.8 million (2021: 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 (2021: 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:-

<u>Group</u>	<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 2022</u>					
Borrowings	48,957	45,730	45,730	908,083	1,048,500
Trade and other payables and accruals excluding indirect tax payable, lease incentives liabilities, prepaid rental and contract liabilities	125,028	-	-	-	125,028
<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, lease incentives liabilities, prepaid rental and contract liabilities	117,705	-	-	-	117,705
<u>Fund</u>					
	<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 2022</u>					
Borrowings	3,227	-	-	-	3,227
Trade and other payables and accruals excluding indirect tax payable, lease incentives liabilities, prepaid rental and contract liabilities	172,387	45,730	45,730	908,083	1,171,930
<u>As at 31 December 2021</u>					
Borrowings	3,220	-	-	-	3,220
Trade and other payables and accruals excluding indirect tax payable, lease incentives liabilities, prepaid rental and contract liabilities	148,117	32,215	32,215	955,330	1,167,877

Note:-

The amounts are contractual and undiscounted cash flows.

## Notes to the Financial Statements

(continued)

### 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### 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		Fund	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Total borrowings	852,659	851,431	3,239	2,911
Total borrowings from subsidiary	-	-	849,420	848,520
Total assets	3,283,873	3,275,204	3,283,873	3,276,378
Borrowings to total assets ratio (%)	26%	26%	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 year ended 31 December 2022.

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 year 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 BOR, calculated on a yearly basis at the end of the financial year 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 financial year ended 31 December 2022, the Group and the Fund distributed 100% of its distributable income.

## Notes to the Financial Statements

(continued)

### 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### 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	
	2022	2021
	RM'000	RM'000
<b>Level 3</b>		
Recurring fair value measurements:-		
Investment properties	3,161,000	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.

### 23 OPERATING LEASES (LEASE COMPONENT)

#### 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 undiscounted lease payments based on committed tenancies are as follows:-

	Group and Fund	
	2022	2021
	RM'000	RM'000
Less than one (1) year	123,554	103,757
Between one (1) and two (2) years	84,762	63,571
Between two (2) and three (3) years	38,569	28,889
Between three (3) and four (4) years	2,465	8,770
Between four (4) and five (5) years	-	1,788
	<b>249,350</b>	<b>206,775</b>

## Notes to the Financial Statements

(continued)

### 24 OPERATING LEASES (NON-LEASE COMPONENT)

The following table shows remaining performance obligation resulting from non-lease components of the lease contracts:-

	Group and Fund	
	2022	2021
	RM'000	RM'000
<b>Service charges:</b>		
- Less than one (1) year	55,729	45,896
- Between one (1) and two (2) years	38,686	29,488
- Between two (2) and three (3) years	17,667	14,184
- Between three (3) and four (4) years	972	4,252
- Between four (4) and five (5) years	-	715
	<b>113,054</b>	<b>94,535</b>

### 25 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
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

## Notes to the Financial Statements

(continued)

### 25 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group		Fund	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Significant related party transactions for the financial period:-</b>				
<b><u>Receivables</u></b>				
1) Rental of premises				
- IGB Berhad	4,203	1,188	4,203	1,188
- IGB Digital Sdn Bhd	244	70	244	70
- IGB Property Management Sdn Bhd	274	79	274	79
- Ensignia Construction Sdn Bhd	609	176	609	176
- Tan & Tan Developments Berhad	820	284	820	284
- Mid Valley City Sdn Bhd	1,424	411	1,424	411
2) Collection on behalf				
- GTower Sdn Bhd	286	2,918	286	2,918
- Mid Valley City North Tower Sdn Bhd	870	3,449	870	3,449
- Idaman Spektra Sdn Bhd	610	384	610	384
- MVC Centrepoint South Sdn Bhd	500	1,475	500	1,475
<b><u>Payables</u></b>				
1) Utilities and waste disposal charges				
- Mid Valley City Energy Sdn Bhd	4,283	422	4,283	422
- IGB Real Estate Investment Trust	5,602	671	5,602	671
- Mid Valley City Southpoint Sdn Bhd	3,446	244	3,446	244
2) Manager's management fees				
- IGB REIT Management Sdn Bhd	15,484	4,669	15,484	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	-	-	35,170	9,338



## Notes to the Financial Statements

(continued)

### 25 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group		Fund	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Significant related party balances as at reporting date:-</b>				
1) Amount due from				
- IGB Commercial REIT Capital Sdn Bhd	-	-	22,186	17,169
- GTower Sdn Bhd	-	529	-	529
- Mid Valley City North Tower Sdn Bhd	-	314	-	314
- Idaman Spektra Sdn Bhd	97	239	97	239
- IGB Real Estate Investment Trust	336	-	336	-
- MVC Centrepoint South Sdn Bhd	-	125	-	125
2) Amount due to				
- IGB Commercial REIT Capital Sdn Bhd	-	-	849,420	848,520
- IGB REIT Management Sdn Bhd	3,838	4,076	3,838	4,076
- IGB Berhad	-	5,578	-	4,758
- IGB Real Estate Investment Trust	287	296	287	296
- Mid Valley City Southpoint Sdn Bhd	-	245	-	245

### 26 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.

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 8 February 2023

### ISSUED UNITS

2,341,528,727 (voting right: 1 vote per Unit)

### PUBLIC SPREAD

21.7%

### ANALYSIS BY SIZE OF UNITHOLDINGS

Range of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units	% of Units
Less than 100	104	2.60	4,404	0.00
100 – 1,000	446	11.15	264,523	0.01
1,001 – 10,000	2,033	50.81	9,396,926	0.40
10,001 – 100,000	1,107	27.67	35,201,454	1.50
100,001 to less than 5% of Issued Units	310	7.75	1,096,771,398	46.84
5% and above of Issued Units	1	0.02	1,199,890,022	51.24
<b>Total</b>	<b>4,001</b>	<b>100.00</b>	<b>2,341,528,727</b>	<b>100.00</b>

### SUBSTANTIAL UNITHOLDERS

Name	Direct		Deemed*	
	No. of Units	% of Units	No. of Units	% of Units
IGB Berhad	1,199,890,022	51.24	34,228,727	1.46
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	174,080,712	7.43	1,262,116,836	53.90
Tan Chin Nam Sendirian Berhad	147,990,532	6.32	1,504,976,068	64.27
Tan Kim Yeow Sendirian Berhad	67,735,407	2.89	1,436,197,548	61.34
Pauline Tan Suat Ming	4,227,385	0.18	1,503,932,955	64.23
Dato' Seri Robert Tan Chung Meng	5,330,424	0.23	1,503,932,955	64.23
Tony Tan Choon Keat	-	-	1,503,932,955	64.23

### DIRECTORS' UNITHOLDINGS

Name	Direct		Deemed*	
	No. of Units	% of Units	No. of Units	% of Units
Dato' Seri Robert Tan Chung Meng	5,330,424	0.23	1,503,932,955	64.23
Tan Lei Cheng	21,388,235	0.91	-	-
Tan Boon Lee	15,464,100	0.66	-	-
Elizabeth Tan Hui Ning	520,000	0.02	-	-
Tan Mei Sian	1,291,140	0.06	-	-

\* 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 8 February 2023  
(continued)

### TOP 30 UNITHOLDERS

No.	Name of Unitholder	No. of Units	% of Units
1	IGB Berhad	1,199,890,022	51.24
2	Wah Seong (Malaya) Trading Co. Sdn Bhd	100,218,340	4.28
3	Tan Chin Nam Sendirian Berhad	84,418,287	3.61
4	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	77,196,600	3.30
5	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP2)	68,778,520	2.94
6	Hampshire Park Sdn Berhad	65,750,000	2.81
7	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Chin Nam Sendirian Berhad (PB)	57,670,000	2.46
8	Wah Seong (Malaya) Trading Co. Sdn Bhd	56,090,247	2.40
9	Tan Kim Yeow Sendirian Berhad	51,190,370	2.19
10	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheah Chin Heng	50,000,000	2.14
11	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore Bch)	37,135,590	1.59
12	IGB REIT Management Sdn Bhd	34,228,727	1.46
13	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS-PB)	33,899,177	1.45
14	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The HongKong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	32,458,315	1.39
15	Micasa Investments (S) Pte Ltd	30,357,600	1.30
16	Wah Seong (Malaya) Trading Co. Sdn Bhd	17,772,125	0.76
17	Tan Lei Cheng	16,717,420	0.71
18	Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Securities Pte Ltd for Tan Kim Yeow Sendirian Berhad	16,545,037	0.71
19	Tan Boon Lee	15,464,100	0.66
20	Wah Seong Enterprises Sdn Bhd	12,681,825	0.54
21	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Law Tien Seng (PB)	10,000,000	0.43
22	Dasar Mutiara (M) Sdn Bhd	6,691,027	0.29
23	Tentang Emas Sdn Bhd	6,552,992	0.28
24	Wah Seong Enterprises Sdn Bhd	6,165,640	0.26
25	Maybank Nominees (Tempatan) Sdn Bhd Credit Guarantee Corporation Malaysia Berhad (416581)	6,151,500	0.26
26	Tan Chin Nam Sendirian Berhad	5,902,245	0.25
27	SLW Sdn Bhd	5,795,237	0.25
28	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (UOB AMM6939-406)	5,792,782	0.25
29	CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset Management Bhd for Che King Tow (ND100-JA)	5,000,000	0.21
30	Lim Chee Meng	5,000,000	0.21

# Notice of Annual General Meeting

**Notice** convening the Second Annual General Meeting of Unitholders of IGB Commercial REIT (2023 AGM)

To be held on **Thursday, 27 April 2023, beginning at 2.30 p.m.** in a **virtual** (online) format at <https://meeting.boardroomlimited.my>

## Items of business

The 2023 AGM is for the purpose of transacting the following businesses, and if thought fit, to pass the Ordinary Resolution (except agenda item 1.0 is a non-voting item):

### 1.0 Financial Statements and Reports

To receive the Audited Financial Statements of IGB Commercial REIT (together with reports of the Trustee, Manager and Auditors) for the year ended 31 December 2022 (FY2022).

### 2.0 Ordinary Resolution: Renewal of Recurrent Related Party Transactions (RRPT Mandate)

"THAT authorisation be and is hereby accorded to IGB Commercial REIT to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions set out in Section 3.0 of the Circular to Unitholders dated 28 February 2023 (Circular) with the Transacting Related Parties mentioned therein, provided that such transactions are entered into in the ordinary course of business of IGB Commercial REIT and carried out on terms not more favourable to the Transacting Related Parties than those generally available to the public and not detrimental to the minority unitholders;

THAT the RRPT Mandate, unless varied or revoked by IGB Commercial REIT in a general meeting, shall continue for the period ending on the date of the AGM to be held in 2024;

THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of IGB Commercial REIT to give effect to the transactions contemplated and/or authorised by this resolution."

By Order of the Board  
**IGB REIT MANAGEMENT SDN BHD**  
 (Manager of IGB Commercial REIT)

Tina Chan  
 MAICSA 7001659/SSM PC No. 201908000014  
 Head of Compliance/Company Secretary

Kuala Lumpur  
 28 February 2023

## Explanatory Memorandum

This Explanatory Memorandum sets out further information regarding the proposed Ordinary Resolution to be considered by Unitholders of IGB Commercial REIT at the 2023 AGM:

### (1) Financial Statements and Reports

There is no requirement for Unitholders to approve the Financial Statements and Reports. However, Unitholders will be given the opportunity to raise questions about, or make comments on, the reports and the management of IGB Commercial REIT at the 2023 AGM.

### (2) RRPT Mandate

The authority given to IGB Commercial REIT at the 2022 AGM will expire at the conclusion of the 2023 AGM. The Ordinary Resolution seeks to enable IGB Commercial REIT to enter into RRPT with the Transacting Related Parties during the mandate period, the details are set out in the Circular. If granted, the authority sought in the Ordinary Resolution will be effective until the conclusion of the 2024 AGM. The Interested Directors as indicated in Section 7.0 of the Circular and their Persons Connected will not vote on the Ordinary Resolution.

### (3) Voting Procedures

The Ordinary Resolution will be taken by poll. For this resolution to be passed, more than half of the votes cast must be in favour of the resolution.

## Notice of Annual General Meeting

(continued)

### Conduct of virtual 2023 AGM

1. There will be no physical meeting where Unitholders can attend. The broadcast venue at Matahari 3 & 4, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur is to facilitate the conduct of the virtual 2023 AGM.
2. Unitholders can attend the virtual 2023 AGM through the online platform: <https://meeting.boardroomlimited.my>. Please follow the procedures provided in the Virtual Meeting Guide in order to register and participate remotely via the Remote Participation and Electronic Voting (RPEV) facility.
3. Unitholders may submit questions in writing, by sending them to [investorrelations@igbcomreit.com](mailto:investorrelations@igbcomreit.com) before 21 April 2023. IGB Commercial REIT will address the questions during the meeting, to the extent appropriate in view of the orderly conduct of the meeting. The relevant questions and answers will be published on IGB Commercial REIT's website [www.igbcomreit.com](http://www.igbcomreit.com) after the meeting.
4. No recording or photography of the virtual 2023 AGM proceedings is allowed without prior written consent of IGB Commercial REIT.

### Online registration and voting

1. Unitholders at the close of business on 19 April 2023 (Record Date) may participate and vote at the 2023 AGM or appoint proxy(ies)/corporate representatives to participate and vote on his/her/their behalf.
2. A Unitholder is entitled to appoint up to 2 persons as proxies to attend the 2023 AGM and vote on a poll. A proxy need not be a Unitholder of IGB Commercial REIT.
3. A Unitholder, who is an authorised nominee, may appoint not more than 2 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.
4. Where a Unitholder appoints 2 proxies, the appointments shall be invalid unless the proportions of the holdings to be represented by each proxy are specified.
5. 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](mailto: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 2:30 p.m. on Tuesday, 25 April 2023. Any Proxy Form received after that time will not be valid for the 2023 AGM. All valid proxy votes, whether submitted electronically or in hard copy form, will be included in the poll to be taken at the 2023 AGM.
6. Unitholders may call Boardroom at 603-7890 4700/ 4788/ 4730/ 4726 or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) if they have questions or require assistance on e-proxy submission and the process to pre-register, participate and vote at the 2023 AGM, or encounter any log-in difficulties.
7. Electronic copies of the AGM Notice, AR2022 and Circular to Unitholders (AGM Documents) are available at [www.igbcomreit.com](http://www.igbcomreit.com). Unitholders may request a printed copy of the AGM Documents by sending an email to [corporate-enquiry@igbcomreit.com](mailto:corporate-enquiry@igbcomreit.com). Printed copies will be provided without charge.

## Virtual Meeting Guide

### (1) Virtual AGM

In the endemic stage of Covid-19 where safety precautions remain, the Board will hold the 2023 AGM as a virtual (online) meeting, the same manner as the 2022 AGM.

There will be no physical meeting where Unitholders can attend. The broadcast venue is to facilitate the conduct of the virtual 2023 AGM. Unitholders can attend the virtual 2023 AGM through the online platform: <https://meeting.boardroomlimited.my> and participate remotely via the Remote Participation Electronic Voting (RPEV) facility. The online platform will allow Unitholders to participate in the 2023 AGM by:

- (a) joining the online meeting in real time;
- (b) asking questions through the online platform during the meeting; and
- (c) voting on the resolutions by direct voting during the online meeting.

Unitholders may also submit questions prior to the 2023 AGM to [investorrelations@igbcomreit.com](mailto:investorrelations@igbcomreit.com) by Friday, 21 April 2023. IGB Commercial REIT will address the questions during the meeting, to the extent appropriate in view of the orderly conduct of the meeting. The relevant questions and answers will be published on IGB Commercial REIT's website [www.igbcomreit.com](http://www.igbcomreit.com) after the meeting.

The Board of the Manager look forward to Unitholders virtual attendance and the opportunity to engage with Unitholders at the 2023 AGM of IGB Commercial REIT.

### (2) RPEV

With the holding of the 2023 AGM in the form of a virtual event, Unitholders to pay special attention to the RPEV Facility procedures as summarised below:

Procedure		Action Required
<b>Before the day of 2023 AGM</b>		
1.	Register/Sign-up as Online User with Boardroom Smart Investor Portal (BSIP) (for first time registration only)	<p>[Note: If you have already signed up with BSIP, you are not required to register. You may proceed to Step 2 - <i>Submit Request for Remote Participation User ID and Password</i>.]</p> <ol style="list-style-type: none"> <li>a. Access website <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li> <li>b. Click "<b>Register</b>" to sign up as a user.</li> <li>c. Please select the correct account type i.e. sign up as "<b>Shareholder</b>" or "<b>Corporate holder</b>"</li> <li>d. Complete the registration with all required information. Upload a softcopy of your or representative's MyKAD/Identification Card (front and back) or Passport.</li> <li>e. For Corporate Holder, kindly upload the authorization letter as well. Click "<b>Sign Up</b>".</li> <li>f. You will receive an email from Boardroom for email address verification. Click "<b>Verify Email Address</b>" from the email received to continue with the registration.</li> <li>g. Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click "<b>Request OTP Code</b>" and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code and click "<b>Enter</b>" to complete the process.</li> <li>h. Your registration will be verified and approved within one (1) business day and an email notification will be provided to you.</li> </ol>
2.	Submit request for remote participation (User ID and Password)	<p>Registration for remote access will be opened at 2.30 p.m. on Tuesday, 28 February 2023. Please note that the closing time to submit your request is at 2.30 p.m. on Tuesday, 25 April 2023.</p> <p><b>Individual Unitholder</b></p> <ol style="list-style-type: none"> <li>a. Login to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using your user ID and password from Step 1 above.</li> <li>b. Select "<b>IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST 2023 ANNUAL GENERAL MEETING</b>" from the list of Meeting Event and click "<b>Enter</b>".</li> <li>c. Click on "<b>Register for RPEV</b>".</li> <li>d. Enter your CDS Account Number</li> <li>e. Read and accept the General Terms &amp; Conditions and click "<b>Register</b>".</li> </ol>



## Virtual Meeting Guide

(continued)

Procedure		Action Required
<b>Before the day of 2023 AGM</b>		
2.	Submit request for remote participation (cont'd)	<p><b>Appointment of Proxy</b></p> <ol style="list-style-type: none"> <li>Log in to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using your user ID and password from Step 1 above.</li> <li>Select "IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST 2023 ANNUAL GENERAL MEETING" from the list of Meeting Event and click "Enter".</li> <li>Click on "Submit eProxy Form".</li> <li>Enter your CDS account number and number of securities held.</li> <li>Select your proxy – either the Chairman of the meeting or individual named proxy(ies) Read and accept the General Terms and Conditions by clicking "Next".</li> <li>Enter the required particulars of your proxy(ies).</li> <li>Indicate your voting instructions – <b>FOR</b> or <b>AGAINST</b>, otherwise your proxy will decide your vote.</li> <li>Click "Apply".</li> <li>Download or print the eProxy form as acknowledgement.</li> </ol> <p><b>Corporate Unitholders, Authorised Nominee and Exempt Authorised Nominee</b></p> <p><b>Via Email</b></p> <ol style="list-style-type: none"> <li>Corporate Unitholder, Authorised Nominee and Exempt Authorised Nominee need to deposit the original hardcopy to BSR and write in to BSR at <a href="mailto:bsr.helpdesk@boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a> by providing the name of the unitholder 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.</li> <li>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.</li> </ol> <p><b>Via BSIP</b></p> <ol style="list-style-type: none"> <li>Login to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using your user ID and password from Step 1 above.</li> <li>Select "IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST 2023 ANNUAL GENERAL MEETING" from the list of Meeting Event and click "Enter".</li> <li>Click on "Submit eProxy Form".</li> <li>Select the company you would like to represent.</li> <li>Proceed to download the file format for "Submission of Proxy Form" from BSIP.</li> <li>Prepare the file for the appointment of proxies by inserting the required data.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Review and confirm your proxy appointment and click "Submit".</li> <li>Download or print the eProxy form as acknowledgement.</li> </ol> <p><b>Unitholders who appoint proxy or attorney or authorised representative to participate via RPEV facilities at the 2023 AGM must ensure that the duly executed proxy form is deposited in hardcopy or by electronic means via BSIP not later than Tuesday, 25 April 2023 at 2.30 p.m.</b></p>
3.	Email notification	<ol style="list-style-type: none"> <li>You will receive notification(s) from Boardroom that your request(s) has/have been received and is/are being verified.</li> <li>Upon system verification against the Record of Depositors as at 19 April 2023, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.</li> <li>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.</li> <li>You will also be notified in the event your registration is rejected.</li> </ol>
<b>On the day of 2023 AGM</b>		
4.	Login to Virtual Meeting Platform	<ol style="list-style-type: none"> <li>The Virtual Meeting Platform will be opened for login one (1) hour before the commencement of the 2023 AGM.</li> <li>The Meeting Platform can be accessed via one of the following: <ol style="list-style-type: none"> <li>Launch the LUMI Online Platform by scanning the QR Code provided in the email notification;</li> <li>Navigate to the website at <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>;</li> <li>Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.</li> </ol> </li> </ol>

## Virtual Meeting Guide

(continued)

Procedure		Action Required
<b>On the day of 2023 AGM</b>		
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> <p>a. If you would like to view the live webcast, select the broadcast icon .</p> <p>b. If you would like to ask a question during the 2023 AGM, select the messaging icon .</p> <p>c. Type your message within the chat box and once completed, click the send button.</p>
6.	Online Remote Voting	<p>a. Once the 2023 AGM is opened for voting, the polling icon will appear with the resolutions and your voting choices until the Chairman declares the end of the voting session.</p> <p>b. To vote, please select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.</p> <p>c. To change your vote, please re-select your voting preference.</p> <p>If you wish to cancel your vote, please press <b>"Cancel"</b>.</p>
7.	End of Participation	<p>a. Upon the announcement by the Chairman on the closure of the 2023 AGM, the live webcast will end and the Messaging window will be disabled.</p> <p>b. You can now logout from the Meeting Platform.</p>

### (3) Enquiry

Should you need assistance to access the RPEV facility, e-Proxy submission or depositing of the original certificate of appointment or corporate representatives, please contact the following persons at Boardroom: Poll Administrator, during office hours on Mondays to Fridays from 8:30 a.m. to 5:30 p.m., except on public holidays:

Address: : **Boardroom Share Registrars Sdn Bhd**  
11<sup>th</sup> Floor, Menara Symphony, No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

(a) General Line : 603-7890 4700

(b) Mr Allen Sii : 603-7890 4788

(c) Encik Anas Bin Khalid : 603-7890 4730

(d) Ms Vivien Khoh : 603-7890 4726

Fax Number : 603-7890 4670

Email : [bsr.helpdesk@boardroomlimited.com](mailto: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 and entitled to attend and vote 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 2023 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 2023 AGM of IGB Commercial REIT to be held at 2.30 p.m. on Thursday, 27 April 2023.

VOTING DIRECTIONS				
Ordinary Resolution	First Proxy		Second Proxy	
	For*	Against*	For*	Against*
RRPT Mandate				

\* Please only mark either "For" or "Against" for each item. If no direction is given on all of the items, or if you complete both "For" or "Against" your vote may be passed to the Chairman of the 2023 AGM as your proxy.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023 \_\_\_\_\_  
Signature/Common Seal of Unitholder

**Notes:**

- Unitholders at the close of business on 19 April 2023 (Record Date) may participate and vote at the 2023 AGM or appoint proxy(ies)/corporate representatives to participate and vote on his/her/their behalf.
- A Unitholder is entitled to appoint up to 2 persons as proxies to attend the 2023 AGM and vote on a poll. A proxy need not be a Unitholder of IGB Commercial REIT.
- A Unitholder, who is an authorised nominee, may appoint not more than 2 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.
- Where a Unitholder appoints 2 proxies, the appointments shall be invalid unless the proportions of the holdings to be represented by each proxy are specified.
- 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](mailto: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 2:30 p.m. on Tuesday, 25 April 2023. Any Proxy Form received after that time will not be valid for the 2023 AGM. All valid proxy votes, whether submitted electronically or in hard copy form, will be included in the poll to be taken at the 2023 AGM.
- Unitholders may call Boardroom at 603-7890 4700/ 4788/ 4730/ 4726 or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) if they have questions or require assistance on e-proxy submission and the process to pre-register, participate and vote at the 2023 AGM, or encounter any log-in difficulties.
- The AGM Notice, Annual Report 2022 and Circular to Unitholders have been published on IGB Commercial REIT's website [www.igbcomreit.com](http://www.igbcomreit.com).

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## 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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## ANNUAL REPORT 2022 REQUEST FORM

Please select the document(s) you would like to receive by ticking (✓) within the box provided:

Annual Report 2022

Circular to Unitholders

For further information, you may contact Ms. Tan Lay Ling at 22898821 or Ms. Anita Kumary at 22898823.

---

Name of Unitholder : \_\_\_\_\_

NRIC/Company No. : \_\_\_\_\_

Mailing Address : \_\_\_\_\_

\_\_\_\_\_

Email Address : \_\_\_\_\_

Contact Number : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

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## ANNUAL REPORT 2022 REQUEST 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](http://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](mailto:corporate-enquiry@igbcomreit.com)