



COMMERCIAL
REIT



CENTREPOINT
NORTH



CENTREPOINT
SOUTH



THE GARDENS
NORTH TOWER



THE GARDENS
SOUTH TOWER



SOUTHPOINT
OFFICES & RETAIL



HAMPSHIRE
PLACE OFFICE



MENARA
TAN & TAN



GTOWER



BOULEVARD
OFFICES & RETAIL



MENARA IGB &
IGB ANNEXE

2023 ANNUAL REPORT

2024 ANNUAL GENERAL MEETING

Day and Date

Wednesday
17 April 2024

Time

12.30 pm

Online Meeting Platform

<https://meeting.boardroomlimited.my>



QR Code for
2023 Annual Report

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ABOUT THIS REPORT

INTRODUCTION

IGB Commercial REIT (IGBCR) was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa) 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.

IGBCR'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.

IGBCR'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 2023, IGB Commercial REIT had a market capitalisation of RM1.1 billion. Its investment properties are independently valued at RM3.16 billion.

REPORTING PERIOD

IGBCR's 2023 Annual Report covers the reporting period from 1 January to 31 December 2023 unless stated otherwise.

REPORTING FRAMEWORKS AND STANDARDS

This annual report has been developed according to the regulations and rules set forth by the regulatory bodies:

- Bursa Malaysia Corporate Governance Guide (4th Edition)
- Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
- Malaysian Code on Corporate Governance (MCCG) 2021 issued by Securities Commission Malaysia (SC)
- Main Market Listing Requirements (MMLR) issued by Bursa
- Guidelines on Listed Real Estate Investment Trusts issued by SC
- United Nations Sustainable Development Goals (SDGs)
- Malaysian Financial Reporting Standards (MFRS)
- International Financial Reporting Standards (IFRS)
- Companies Act 2016

ASSURANCE

All data contained within this annual report has been sourced internally and has been verified by the respective business units or information owners. PricewaterhouseCoopers PLT is the statutory auditor appointed to audit IGBCR's financial statements for the financial year ended 31 December 2023. The audit was limited to the financial statements on pages 93 to 131 of this annual report.

MATERIALITY

Information disclosed in this annual report is relevant to our material matters, which have been determined by extensive stakeholder engagement, as well as internal evaluation. These material matters reflect existing and emerging risks and opportunities, which could affect our ability to create value for the organisation and stakeholders.

FORWARD LOOKING STATEMENT

This annual report contains a range of forward-looking statements in relation to our plans, objectives, goals, strategies, future operations and performance of the organisation. Such statements are premised on forecast and present market conditions, which could change, and are not intended to guarantee future operating, financial or other results involving uncertainty. Unitholders are advised not to place undue reliance on such statements as our business is subject to risks and uncertainties beyond our control.

NAVIGATION ICONS

6 Capitals



Material Matters



United Nations Sustainable Development Goals Adopted



CORPORATE DIRECTORY

MANAGER

IGB REIT Management Sdn Bhd
201201006785 (908168-A)
Capital Market Services License: CMSL/A0305/2013

Registered address : Level 32, The Gardens South Tower
Mid Valley City
Lingkaran 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

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

Halim bin Haji Din
Independent Non-Executive Director

Robert Ang Kim Pack
Independent Non-Executive Director

Raymond Yeoh Cheng Seong
Independent Non-Executive Director

Datuk Richard Lee Say Tshin
Independent Non-Executive Director

Tan Lei Cheng
Non-Independent Non-Executive Director

Elizabeth Tan Hui Ning
Non-Independent Executive Director / Chief Executive Officer ("CEO")

Tan Mei Sian
Non-Independent Executive Director

HEAD OF COMPLIANCE / COMPANY SECRETARY

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

TRUSTEE

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

PROPERTY MANAGER

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

AUDITOR

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

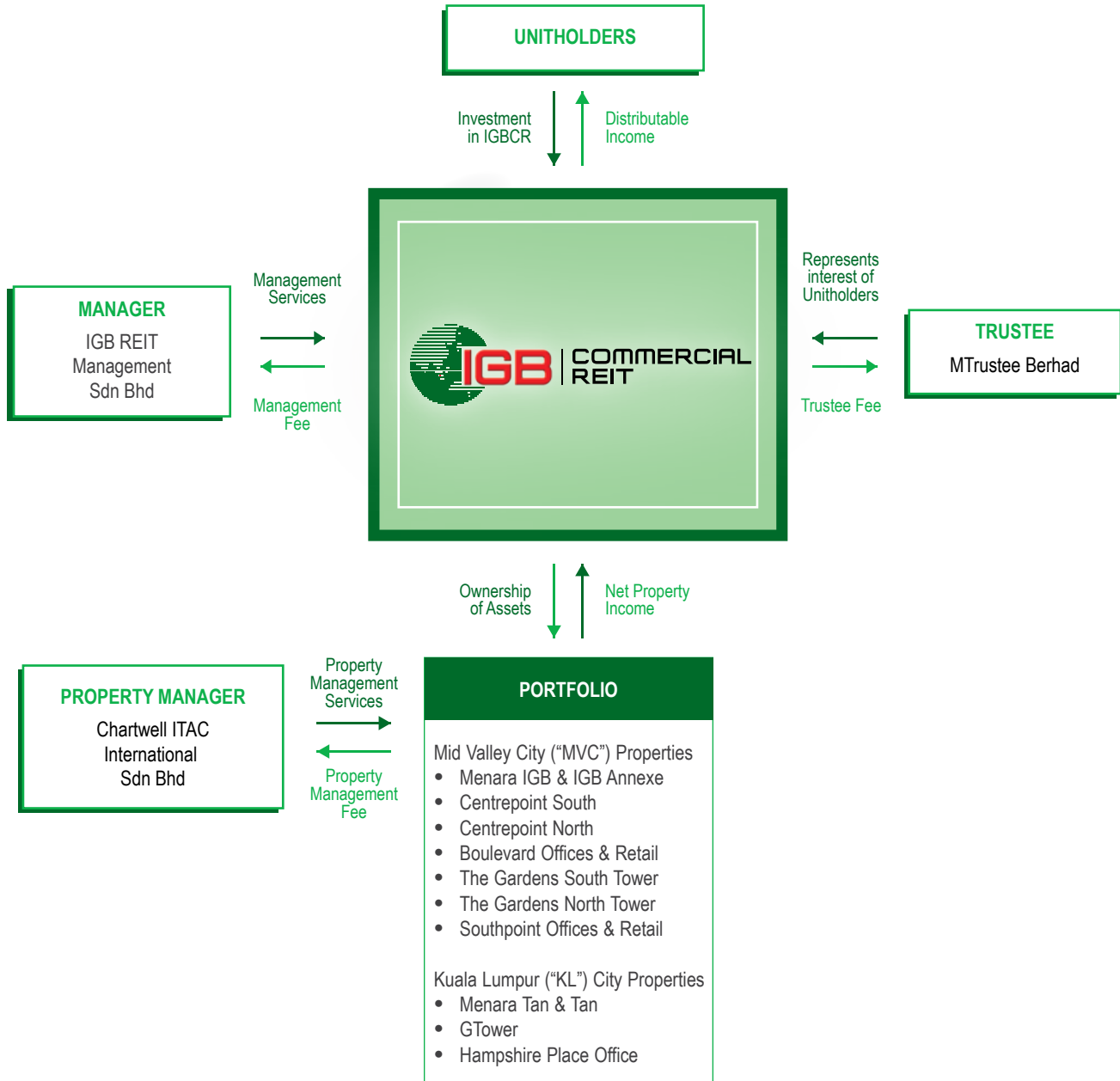
REGISTRAR

Boardroom Share Registrars Sdn Bhd
199601006647 (378993-D)
11th Floor Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Telephone : 603-7890 4700
Telefax : 603-7890 4670

PRINCIPAL BANKER

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

REIT STRUCTURE



REIT SALIENT FEATURES

Fund Category	Real Estate Investment Trust
Fund Type	Income and Growth
Fund Duration	The earlier of: <ul style="list-style-type: none"> the occurrence of any of events listed in Clause 27.2 of the Deed dated 31 March 2021 ("Deed"); the date 999 years after 20 September 2021 (the date of establishment of IGBCR); or the date IGBCR is terminated by the Manager under Clause 27.1(b) of the Deed
Investment 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.
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 SC's Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines") or as may be permitted by the SC
Investment Limits	The investments of IGBCR are subject to the following investment limits imposed by REIT Guidelines: <ul style="list-style-type: none"> at least 75% of IGBCR's total asset value ("TAV") must be invested in Real Estate that generates recurrent rental income at all times; the aggregate investments in Property Development Activities (Property Development Costs) and real estate under construction must not exceed 15% of IGBCR's TAV; and such other investment or limits as may be permitted by the SC or the REIT Guidelines
Distribution Policy	<ul style="list-style-type: none"> At least 90% of IGBCR's distributable income Semi-annual distribution (FY23) <p>Note: Quarterly distribution effectively first quarter of 2024 (as announced on 30 January 2024)</p>
Revaluation Policy	Annually by an independent professional valuer
Manager Fee	The Manager may elect to receive its fees in cash or units or a combination of cash and units (as it may in its sole discretion determine): <ul style="list-style-type: none"> Base Fee: up to 1% per annum ("p.a.") of IGBCR's TAV (excluding cash and bank balances which are held in non-interest bearing accounts) Performance Fee: 5% p.a. of IGBCR's net property income Acquisition Fee: 1% of the acquisition price Divestment Fee: 0.5% of the disposal price
Trustee Fee	Up to 0.03% per annum of IGBCR's net asset value
Financial Year End	31 December
Listing	Main Market of Bursa
Listing Date	20 September 2021
Stock Name and Stock 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 of 83 years expiring on 11 April 2104				Leasehold of 99 years expiring on 6 June 2103		Leasehold of 99 years expiring on 21 March 2120
Land title particulars	Part of H.S. (D) 122594, PT 50003 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ⁽¹⁾				PN 37073/ M1/ B3/5, No. Petak 5, No. Tingkat B3, No. Bangunan M1, Lot 79 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ⁽²⁾	PN 37073/ M1/ B3/6, No. Petak 6, No. Tingkat B3, No. Bangunan M1, Lot 79 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ⁽³⁾	Part of H.S. (D) 122585, PT 50002 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ⁽⁴⁾
Encumbrance and other material endorsements	<ol style="list-style-type: none"> Private caveat lodged by Hong Leong Bank Berhad vide presentation no. PDB6233/2021 dated 9 July, 2021 Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6763/2021 dated 27 July, 2021 Two private caveats lodged by MTrustee Berhad vide presentation no. PDB7576/2021 and PDB7577/2021 both dated 17 August, 2021 				Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6767/2021 dated 27 July, 2021	Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6767/2021 dated 27 July, 2021	<ol style="list-style-type: none"> Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6761/2021 dated 27 July, 2021 Private caveat lodged by MTrustee Berhad vide presentation no. PDB7579/2021 dated 17 August, 2021
Restrictions in interest	This land shall not be transferred, leased or charged unless with the consent of the Federal Territory Land Executive Committee of Kuala Lumpur (<i>Tanah ini tidak boleh dipindahmilik, dipajak atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur</i>)				This land shall not be transferred, leased, mortgaged or charged unless with the consent of the Federal Territory Land Executive Committee of Kuala Lumpur (<i>Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur</i>)		This land shall not be transferred, leased or charged unless with the consent of the Federal Territory Land Executive Committee of Kuala Lumpur (<i>Tanah ini tidak boleh dipindahmilik, dipajak atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur</i>)
Express conditions	This land shall only be used for commercial building for the purposes of office tower, hotel, shopping mall, shop offices and car park (<i>Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan menara pejabat, hotel, pusat membeli-belah, kedai pejabat dan tempat letak kereta sahaja</i>)				Office (<i>Pejabat</i>)		This land shall only be used for commercial site for the purposes of serviced apartment, office, car park, ballroom/pre-function and retail shops (<i>Tanah ini hendaklah digunakan untuk tujuan tapak perdagangan bagi tujuan pangsapuri servis, pejabat, tempat letak kereta, ballroom/ bilik pre-function dan kedai (retail) sahaja</i>)

REIT PORTFOLIO

(continued)

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
Appraised value as at 31 December 2023 (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 2023 (sq ft)	263,448	233,787	232,366	53,766	425,419	428,647	516,522
Number of tenancies as at 31 December 2023	29	32	29	18	45	29	18
Occupancy rate as at 31 December 2023	76.3% to 98.9%						
Number of car park bays as at 31 December 2023	Nil	Nil	Nil	Nil	Nil	Nil	1,284

Notes:

- (1) Being the title of the land on which the MVC Phase 1 Properties are erected. Pejabat Pengarah Tanah dan Galian Wilayah Persekutuan (PTGWP) had issued the final title for the amalgamated lot known as lot 20013. An application for subdivision into strata titles will be made to PTGWP. Upon issuance of the strata titles, the transfer of title for these properties in favour of MTrustee Berhad (acting in its capacity as trustee for IGBCR) ("Transfer") will be presented to PTGWP for registration. The extended validity period of PTGWP's consent for the Transfer expires on 10 July 2024.
- (2) Together with accessory parcels A2, A6, A7, A8, A9, A10, A25, A31 and A42.
- (3) Together with accessory parcels A5, A15, A16, A17, A18, A19, A20, A21, A22, A29, A35 and A45.
- (4) Being the title of the land on which Menara Southpoint is erected.

REIT PORTFOLIO

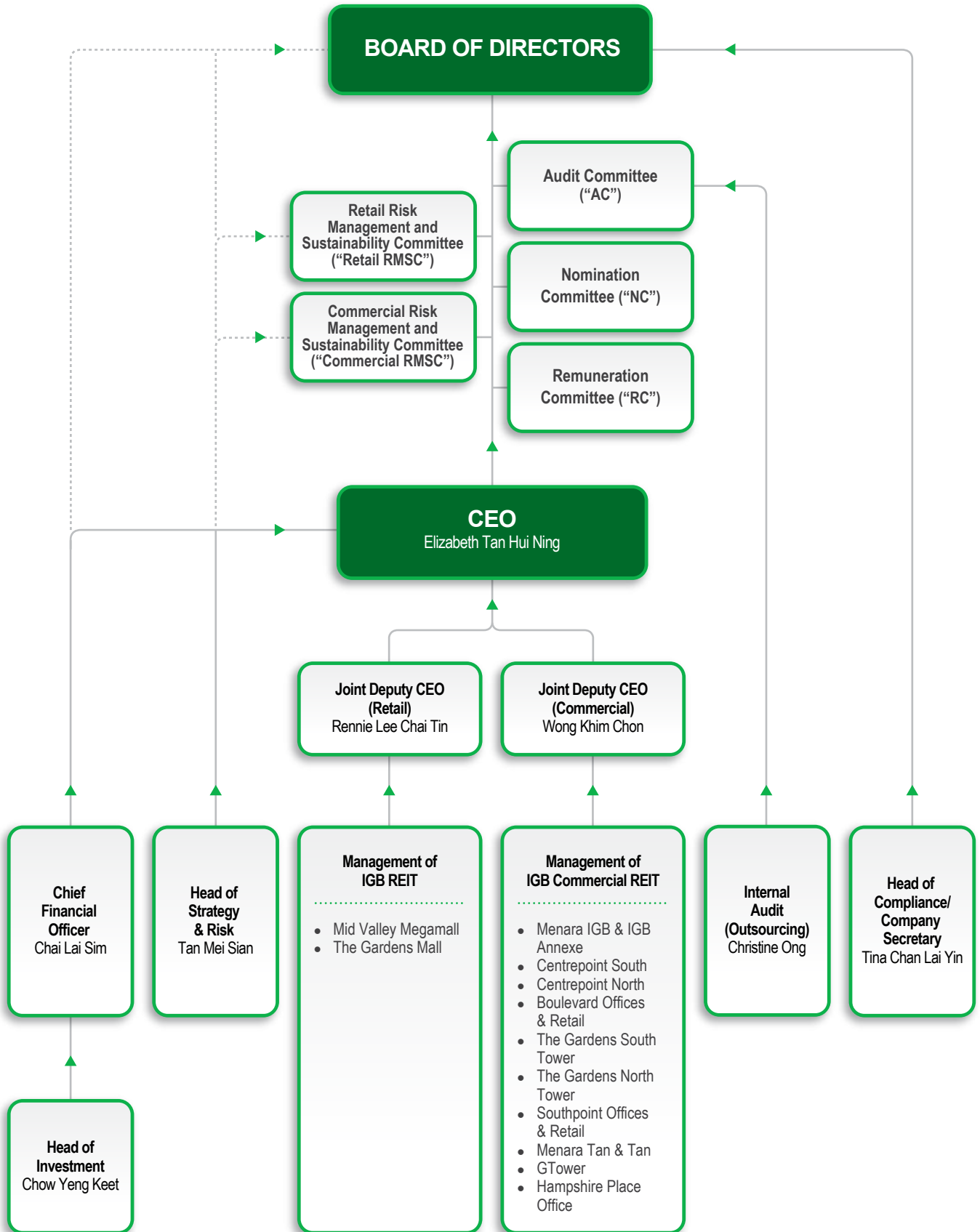
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KL CITY PROPERTIES

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 ⁽¹⁾
Encumbrance and other material endorsements	<ol style="list-style-type: none"> Amendment pursuant to Section 380 of National Land Code registered on 21 October, 2021 vide presentation no. PDNB832/2021 Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6235/2021 dated 9 July, 2021 	Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6764/2021 dated 27 July, 2021	Private caveat lodged by Malaysian Trustees Berhad vide presentation no. PDB6760/2021 dated 27 July, 2021
Restrictions in interest	Nil (<i>Tiada</i>)		
Express conditions	This land shall only be used for commercial building (<i>Tanah ini hendaklah digunakan untuk bangunan perdagangan sahaja</i>)	This land shall only be used for commercial building for the purposes of offices and petrol station (<i>Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan pejabat dan stesyen minyak sahaja</i>)	Office (<i>Pejabat</i>)
Appraised value as at 31 December 2023 (RM'000)	248,000	723,000	178,000
Purchase consideration (RM'000)	239,100	739,800	180,600
NLA as at 31 December 2023 (sq ft)	339,385	742,464	239,253
Number of tenancies as at 31 December 2023	30	96	23
Occupancy rate as at 31 December 2023	66.5% - 69.6%		
Number of car park bays as at 31 December 2023	542	1,038	284

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

ORGANISATION STRUCTURE OF THE MANAGER



AWARDS & Recognition

GTower received the GreenRE (Gold) Commercial Category Award from Kuala Lumpur City Hall this year in recognition of the substantial impact on the greener built environment it has had on Malaysia over the last decade.

Southpoint Offices & Retail achieved the Green Building Index (GBI) Silver Certification, further highlighting our dedication to environmentally conscious practices.

Menara Tan & Tan received a Greenpass Operation certification in 2023, for achieving a substantial 41.38% emissions reduction equivalent to 969.8 tonnes of CO₂ annually.

Menara Tan & Tan's Greenpass Operation Certificate



Article in IGBCR's Quarterly Tenant's Newsletter - "Community Circles", celebrating GTower receiving the GreenRE (Gold) Commercial Category Award

Southpoint Offices & Retail's Certificate for their Green Building Index (GBI) Silver Certification



BUSINESS EVENTS and Highlights



Growth in Tenancies

Total new tenancies increased from 269,000 sf in 2022, to 303,000 sf in 2023. Active tenant engagement has resulted in a good tenancy renewal rate of 75%.

Tenant Engagement

Tenant engagement events organised throughout the year received a good response. Events including corporate social responsibility (CSR) activities, a networking event, and a fitness event for fitness enthusiasts and wellness seekers, were held in the year.

For more information about our CSR initiatives, please refer to our Sustainability Statement in this annual report.



IGBCR extend a helping hand at IQ70 and Rumah Charis

Replacement of new chiller to improve energy efficiency at G Tower

Asset Enhancement Initiatives (AEI)

AEIs were undertaken across our buildings to enhance our efficiency, accessibility, and environment, to ensure our properties remain relevant, comfortable and safe for everyone who enters our buildings.



OUR APPROACH TO VALUE CREATION







1 STRATEGIC PRIORITIES / GOALS

- Deliver long-term sustainable returns to unitholders
- Explore yield-accretive and business enhancing asset acquisition opportunities
- Efficiently manage capital and risks to support growth and value creation

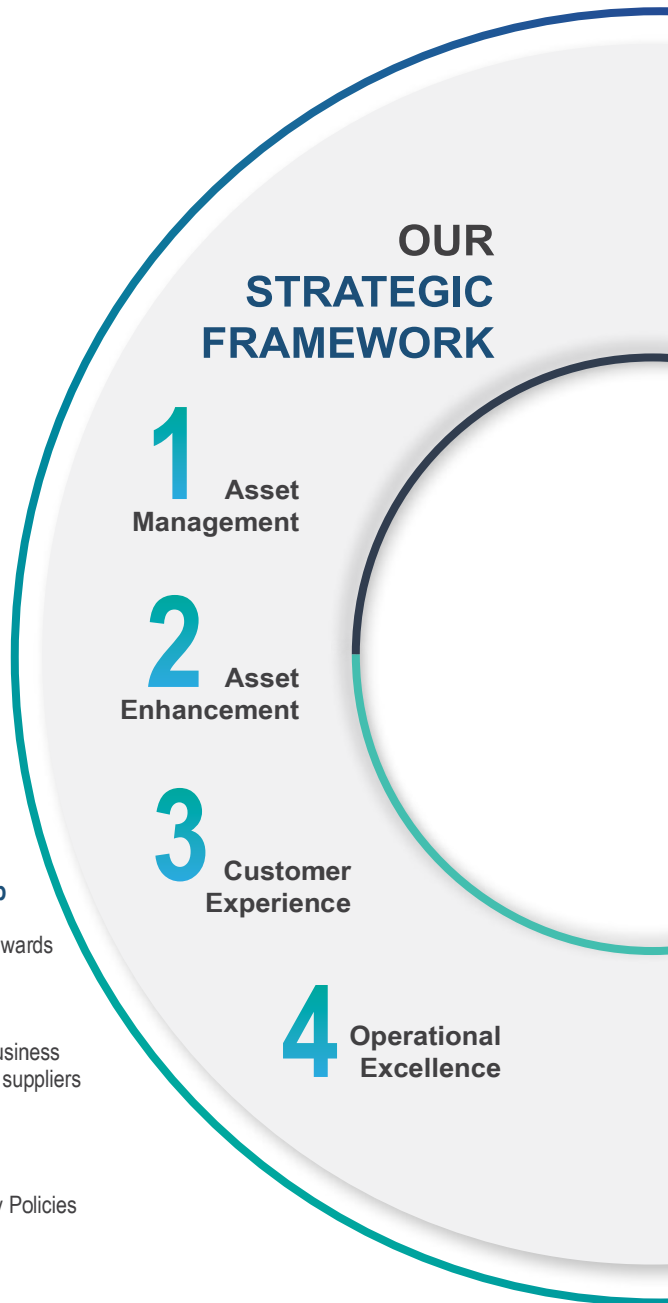
2 BUSINESS STRENGTHS

- Prime commercial assets
- Synergistic integration with Mid Valley City
- Strong and reputable sponsor with a proven track record
- Diverse tenant base
- Prudent capital and risk management
- Strong corporate governance
- Excellent customer service

3 INPUTS by Capitals

- 
Financial
 - Total Assets: **RM3.3 billion**
 - Total Liabilities: **RM1.0 billion**
 - Unitholders' fund: **RM2.3 billion**
- 
Manufactured
 - 10 Office Buildings
 - Total Property Value: **RM3.16 billion**
- 
Human
 - Total employees: **237**
 - Employee turnover: **14.3%**
- 
Natural
 - Energy consumption: **34,982 MWh**
 - Water consumption: **316,377 m³**
- 
Social and Relationship
 - 5 community initiatives
 - **RM14.6k** contributed towards community investment
 - Regular stakeholder engagement
 - Creating sustainable business opportunities with local suppliers
- 
Intellectual
 - Data and Cybersecurity Policies
 - Digitalisation
 - Analytics

4 OUR BUSINESS MODEL & ACTIVITIES



* All references to employees are in relation to the employees of the Manager and Service Provider

OUR APPROACH TO VALUE CREATION

(continued)

5 OUTPUT by Capitals

Financial

- Revenue: **RM215.1 mil**
- Net Property Income: **RM127.8 mil**
- Distribution per unit: **3.49 sen**

Manufactured

- Mid Valley City: **2.15 million sq ft NLA**
- KL City: **1.32 million sq ft NLA**

Human

- Employee retention: **85.7%**
- Total training hours: **4,974**
- Average training hours per employee: **21 hours**

Natural

- Waste Diversion Rate: **5.5%**
- Rainwater harvested: **4,941 m³**
- **16** tCO₂e Scope 1 emissions
- **19,840** tCO₂e Scope 2 emissions
- **11,178** tCO₂e Scope 3 emissions

Social and Relationship

- **392** individuals benefitted from community initiatives
- **395** bags of blood collected for Pusat Darah Negara (PDN)
- **99.98%** spending on local suppliers

Intellectual

- **Zero** cybersecurity incidents
- Upgraded to cloud-based IT infrastructure
- Improved workflow efficiency and business applications

6 OUTCOMES

- Continue to offer a strong value proposition through continual review of business plans, sales performance and initiatives that support our recurring income business.
- Maintained a healthy balance sheet through effective capital, cashflow and cost management for shareholders.

- Average occupancy in: Mid Valley City: **89.7%**
KL City: **67.7%**

- Building employee engagement platforms to attract and retain a diverse workforce and create a positive employee experience.
- Increased training programmes and learning hours to build talent and a resilient workforce.
- Jobs opportunities created for the community.

- To ensure our long-term business strategies support environmental sustainability and climate-change resilience.

- Bridging the connectivity gap and creating a seamless customer experience.
- Support local issues and, in particular, to help the underprivileged and the needy.
- Community development and partnerships in creating a collaborative environment.

- Accelerated technology adoption to improve resilience and gain competitive advantage.

7 TRADE-OFFS

Our financial resources fuel our growth, mitigate risks, and strengthen other capitals. Utilising financial capital for capital expenditure and investments allows for positive impact on the long-term performance of our manufactured assets.

Navigating market shifts requires adjustments. Utilising short-term financial capital to improve our assets presents an opportunity to unlock long-term value and enhance all our capitals, not just financially, but through improved brand perception and sustainability.

Empowering our people is key. Investing in training and engagement might impact short-term financials, but the long-term gain is undeniable: a skilled, engaged workforce driving growth and societal impact across all capitals.

Investing in efficient resource management has proven beneficial. While initial costs exist, preserving natural capital improves our manufactured assets' value, brand equity, and demonstrates our commitment to sustainability, ensuring a balanced future.

We leverage our financial resources to fuel impactful community programmes, empowering marginalised communities and contributing to a more sustainable future for all. This approach strengthens our social and relationship capital and ensures shared prosperity.

Investing in knowledge development might impact short-term financials, but the long-term benefits outweigh this. These investments empower our people, improve processes with digital technology, and enhance various capitals, driving sustainable growth and societal impact.

CEO STATEMENT



Dear Valued Stakeholders,

YEAR IN REVIEW

2023 was not without its challenges, but global economic performance ended up exceeding expectations in 2023. In Malaysia, the economy showed resilience to external headwinds, with growth driven by domestic demand and private consumption. The office sector saw sustained improvements in activity, however cost pressures and increased competition continued to pose challenges. The latter in particular exerted downward pressure on rental and occupancy rates.

Elizabeth Tan Hui Ning
CEO

Highlights for FY2023

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New Tenancies

amounting to 303,000 sf of space in 2023



Tenancy

Renewal Rate of

75%

in 2023



90%

Occupancy

in MVC portfolio

Driving Sustainability

- GTower: GreeRE (Gold) Commercial Category Award
- Southpoint Offices & Retail: Green Building Index (GBI) Silver Certification
- Menara Tan & Tan: Greenpass Operation Certification

Against this backdrop, IGB Commercial REIT (IGBCR) performed well, recording year-on-year growth in revenue and average occupancies across our portfolio, and a tenancy renewal rate of 75% in the year. Notably, occupancies in our Mid Valley City (MVC) portfolio saw strong growth, with occupancy in Southpoint Offices & Retail, The Gardens South Tower, Centrepoint South, Centrepoint North and Boulevard Offices and Retail, achieving occupancies above 90%. I am proud to share that three buildings in our portfolio were recognized for their efforts in driving sustainability - GTower received the GreenRE (Gold) Commercial Category Award, Southpoint Offices & Retail achieved the Green Building Index (GBI) Silver Certification, and Menara Tan & Tan received a Greenpass Operation Certification.

ADAPTING TO EVOLVING NEEDS

Post-covid, as employees are demanding greater community engagement and prioritising their well-being, companies are working to meet their needs through rethinking office layouts and the use of spaces. Additionally, as Environmental, Social and Governance (ESG) considerations are featured more prominently in business plans and strategies around the world, tenants require greater customisation as they work to align their workspaces to meet these internal ESG policies. They are also showing a marked shift in preference towards high quality, green certified buildings with modern amenities and good connectivity.

We are fortunate that the buildings in our portfolio benefit from being in prime locations that offer accessibility and convenience. Our buildings at MVC, in particular, have enjoyed strong demand, bolstered by the vibrant ecosystem that the integrated development has to offer. We understand however, that accessibility and convenience are just basic requirements that tenants look for. To remain competitive in the market, we need to offer modern, safe and comfortable properties, as well as be flexible and willing to work with our tenants to customise their spaces and support sustainability in the workplace. We therefore started a built to lease programme, which has allowed tenants to customise their spaces to meet the needs of their employees, and kick-start office operations without incurring significant upfront renovation costs.

CEO STATEMENT

(continued)

Tenant engagement continues to be a cornerstone of our strategy and has worked to support us through both good and challenging times. We believe that the service levels we provide our tenants are what set us apart in the market and that our ability to maintain these service levels is intrinsically tied to our engagement efforts. We therefore adopt a holistic approach to tenant engagement, and work collaboratively to build community, and nurture positive growth. This year, we collaborated with tenants for exclusive events to engage the wider office community and build relationships. An example of this is a fitness event organized with a tenant that saw members of our community come together to participate in fitness challenges and learn about water safety amongst others. Events like these provide our tenants with opportunities to cross-market their products and services, network, and have fun while doing so.

SUSTAINABILITY

IGBCR remains committed to pursuing sustainability across our business and incorporating ESG considerations into our operations. This year, IGBCR adopted the IGB Group Sustainability Policy, which was established in August 2023.

Our sustainability efforts are driven both by our commitment to embed it across our business, and the demands of our tenants as they work towards meeting their internal ESG policies. An increasing number of tenants are coming to us with specific requirements for the fit-out of their office spaces, including the materials used, features incorporated, and equipment specifications.

In our effort to continually raise the bar within our portfolio, IGBCR is carrying out a systematic review of our buildings to identify gaps and explore the feasibility of upgrading elements to meet recognised green certifications. This is in addition to the ongoing efforts we make to enhance our buildings through asset enhancement initiatives (AEI) that not only work to keep our buildings modern, relevant and safe, but also work to enhance efficiency, reduce consumption, and decrease the overall impact our portfolio has on the environment.

We are proud of the actions that we have taken in our sustainability journey and will continue to embed meaningful ESG developments into our operations.

BUILDING COMMUNITY THROUGH ACTIVE ENGAGEMENT

Moving forward, we will continue to work on strengthening our existing strategy, building community through active engagement, and exploring new ways to enhance our portfolio of buildings. In addition, I will be working to enrich our human capital management. At our core, people are what drive our continued success, they make all the difference in the experience our tenants have with us. It is therefore important that we continually enhance our training programmes and ensure that our employees have the opportunities to grow. One way that we do this is by offering our people opportunities for greater exposure to a broad range of functions across our business. We believe that allowing people to work across departments not only helps build community, but empathy and understanding about different scopes of work. This approach not only facilitates collaboration and supports growth and development across all divisions, but also helps us in both attracting and retaining talent.

Employee engagement is also important and we will continue to embark on teambuilding activities. This year for example, we held our first company-wide sports day. To encourage cross-divisional bonding, all activities were team based, with each of the four teams made up of individuals from different departments. It was a successful event, which provided employees with an opportunity to get to know one another in a fun, social setting.

I believe that moving forward, the office sector will see more employees returning to the physical workspace. As the preferences of employees evolve, it will become increasingly important that we work closely with our tenants to curate office spaces that support staff engagement and retention. These efforts will not only apply to tenant office spaces, but will extend to how we reimagine the configuration and use of common spaces in our buildings.

OUTLOOK

We enter 2024 cautiously optimistic. Malaysia's economic momentum is expected to see steady improvement in 2024, supported by resilient domestic demand and a benign inflation and interest rate environment. The Malaysian office sector is set to remain challenging as new supply enters the market. We will also continue to see a flight to quality as companies seek out newer, accessible, green certified buildings and expect more flexibility in terms of space layout, size and lease terms. Globally, growth is anticipated to be subdued, with geopolitical uncertainties remaining.

These factors will inevitably impact our community and business, but we remain committed to actively engaging our tenants and employees, and working to ensure our buildings continue to be modern, comfortable and relevant to the needs of companies today. We will persist in making strides in our sustainability journey, working to further embed ESG considerations into our operations, and support our growth and longevity.

ACKNOWLEDGEMENTS

I would like to thank the Board of Directors for entrusting me as CEO and for their continued support and guidance. I am excited to be building on the strong foundation built by Antony Barragry, CEO of IGB REIT Management Sdn Bhd (2012 to 2023), whose leadership and unwavering commitment to growing our business has been critical to our continued success. IGBCR is today a business that is financially sound and well positioned to leverage the growth opportunities ahead.

Our gratitude must also be expressed to exiting members of our Board - Tan Sri Dato' Prof. Lin See Yan (Chairman / Independent Non-Executive Director), Le Ching Tai @ Lee Chen Chong (Independent Non-Executive Director), and Tan Boon Lee (Non Independent Non-Executive Director), all of whom have been invaluable in their guidance and counsel through the years.

I would also like to thank my team for their commitment and resilience in a challenging and ever-evolving market, and look forward to continuing to work collaboratively with them to drive growth and deliver value to our stakeholders.

Finally, I would like to thank all our stakeholders for their ongoing support and trust. I look forward to continuing the IGBCR story, working to reimagine the office space and constantly challenging the traditional boundaries of our industry.

Elizabeth Tan Hui Ning
CEO
IGB REIT Management Sdn Bhd

* All references to employees are in relation to the employees of the Manager and Service Provider

FINANCIAL HIGHLIGHTS

STATEMENT OF COMPREHENSIVE INCOME	Year Ended 31 December 2023	Year Ended 31 December 2022	Financial Period* 31 December 2021
Total revenue (RM'000)	215,147	190,433	53,367
Net property income ("NPI") (RM'000)	127,801	113,621	36,595
Distributable income (RM'000)	84,305	79,466	26,483
Earning per Unit ("EPU") (realised) (sen)	2.77	2.72	0.93
Core EPU (sen)	2.87	2.72	0.95
Distribution per Unit ("DPU") (sen)	3.49	3.42	1.15
Annualised distribution yield (%)	7.20	6.28	6.22
Annualised management expense ratio (%)	0.76	0.72	0.86

TOTAL REVENUE	Year Ended 31 December 2023 RM'000	Year Ended 31 December 2022 RM'000	Financial Period* 31 December 2021 RM'000
Mid Valley City Properties	146,860	129,932	35,411
KL City Properties	68,287	60,501	17,956
Total	215,147	190,433	53,367

NPI	Year Ended 31 December 2023 RM'000	Year Ended 31 December 2022 RM'000	Financial Period* 31 December 2021 RM'000
Mid Valley City Properties	93,323	82,934	25,512
KL City Properties	34,478	30,687	11,083
Total	127,801	113,621	36,595

* From 17 September 2021 to 31 December 2021

STATEMENT OF FINANCIAL POSITION	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021
Investment properties (RM'000)	3,161,000	3,161,000	3,161,000
Total asset value (RM'000)	3,295,903	3,283,873	3,275,204
Total liabilities (RM'000)	999,841	986,210	976,659
Net asset value ("NAV") (RM'000)			
- before income distribution	2,378,837	2,377,337	2,325,028
- after income distribution	2,296,062	2,297,663	2,298,545
NAV per Unit (RM)			
- before income distribution	1.0056	1.0182	1.0073
- after income distribution	0.9707	0.9841	0.9958

Mid Valley City Properties

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

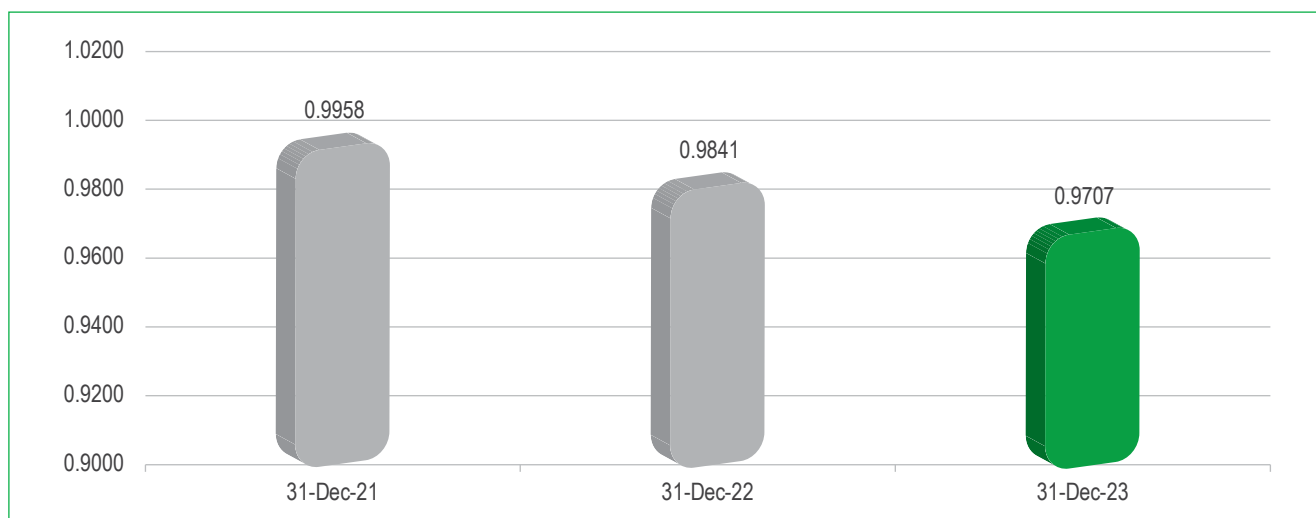
KL City Properties

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

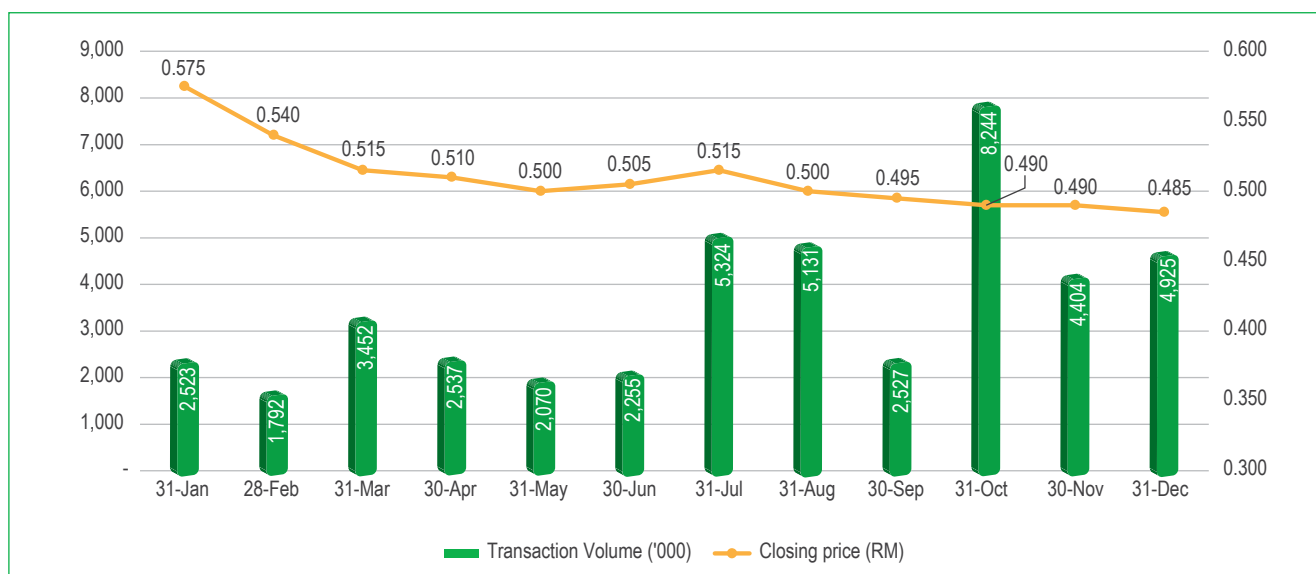
FINANCIAL HIGHLIGHTS

(continued)

NAV PER UNIT PERFORMANCE (RM)



UNIT PRICE PERFORMANCE



Trading performance for IGBCR	2023	2022	2021
Closing price as at 31 December (RM)	0.485	0.545	0.635
Highest Trading price (RM)	0.580	0.635	0.740
Lowest Trading price (RM)	0.475	0.520	0.585
Issued units ('000)	2,365,488	2,334,867	2,308,198
Market capitalisation as at 31 December (RM'000)	1,147,262	1,272,503	1,465,705

FINANCIAL HIGHLIGHTS

(continued)

FINANCIAL REVIEW

a) 2023 highlights

Total revenue (RM'million)	Net property income (RM'million)	Net lettable area (million sf)
215.15	127.80	3.48
Distribution per unit (sen)	Occupancy rate (%)	Distribution yield (%)
3.49	81.4	7.20
Property valuation (RM'billion)	Net asset value per unit (RM)	Market capitalisation (RM'billion)
3.161	0.9707	1.15

b) Group Key Financial Highlights

Group Financial Highlights	FY2023 RM'000	FY2022 RM'000	Change (%)
Gross Revenue	215,147	190,433	13.0
Total Mid Valley City ("MVC") and Kuala Lumpur ("KL") City Properties			
Menara IGB & IGB Annexe	14,104	11,810	19.4
Centrepoint South	16,288	13,528	20.4
Centrepoint North	15,741	13,891	13.3
The Gardens South Tower	29,304	28,238	3.8
The Gardens North Tower	24,718	22,682	9.0
Southpoint Offices & Retail	42,665	36,231	17.8
Boulevard Offices & Retail	4,040	3,552	13.7
MVC Properties	146,860	129,932	13.0
Menara Tan & Tan	14,935	13,681	9.2
GTower	42,569	37,863	12.4
Hampshire Place Office	10,783	8,957	20.4
KL City Properties	68,287	60,501	12.9
NPI	127,801	113,621	12.5
Total MVC and KL City Properties			
Menara IGB & IGB Annexe	7,828	6,402	22.3
Centrepoint South	10,752	8,344	28.9
Centrepoint North	10,294	9,227	11.6
The Gardens South Tower	17,966	18,922	-5.1
The Gardens North Tower	14,111	13,489	4.6
Southpoint Offices & Retail	29,242	24,025	21.7
Boulevard Offices & Retail	3,130	2,525	24.0
MVC Properties	93,323	82,934	12.5

FINANCIAL HIGHLIGHTS

(continued)

b) Group Key Financial Highlights (continued)

Group Financial Highlights	FY2023 RM'000	FY2022 RM'000	Change (%)
NPI (continued)			
Menara Tan & Tan	7,834	7,324	7.0
GTower	21,862	18,992	15.1
Hampshire Place Office	4,782	4,371	9.4
KL City Properties	34,478	30,687	12.4
DPU (sen)	3.490	3.420	2.0
Distributable Income	84,305	79,466	6.1

c) Statement of Financial Position

Group Statement of Financial Position	As at 31.12.2023	As at 31.12.2022	Change (%)
Investment Properties (RM'000)	3,161,000	3,161,000	0.0
Total Assets Value (RM'000)	3,295,903	3,283,873	0.4
Cash and bank balances (RM'000)	128,564	118,963	8.1
Total Liabilities (RM'000)	999,841	986,210	1.4
NAV (RM'000)	2,296,062	2,297,663	-0.1
NAV per Unit (RM)	0.9707	0.9841	-1.4
No. of Issued Units ('000)	2,365,488	2,334,867	1.3

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 qualifications and has experience in valuing investment properties. Based on the valuation reports dated 8 January 2024, the market values of 10 properties as at 31 December 2023 were RM3.161 billion.

Cash and bank balances as at 31 December 2023 was RM128.56 million, compared with RM118.96 million as at 31 December 2022.

NAV after income distribution as at 31 December 2023 was RM2.296 billion, compared with RM2.298 billion the year before.

IGBCR's issued units increased from 2.335 billion as at 31 December 2022 to 2.365 billion as at 31 December 2023, due to the issuance of new units as payment for the Manager fees.

d) Income Distribution

	FY2023 (RM' 000)	FY2022 (RM' 000)
Income distribution	82,563	79,466
<i>For the period from 1 January 2023 to 30 June 2023</i>	41,018	-
<i>For the period from 1 July 2023 to 31 December 2023</i>	41,545	-
<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
Average Payout ratio (%)	98	100

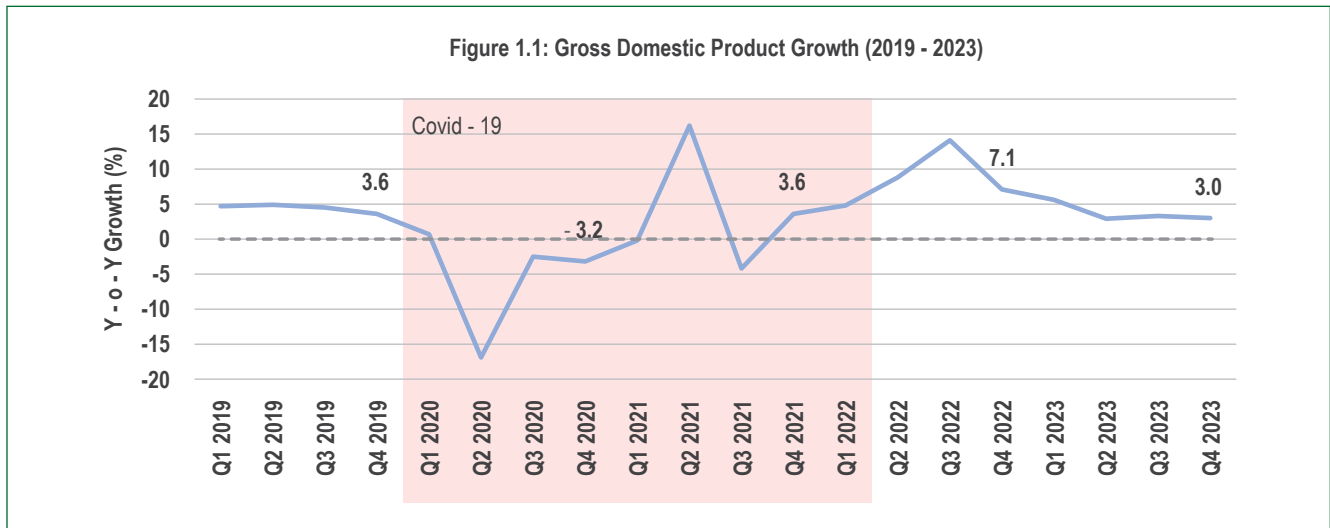
For the period from 1 January 2023 to 30 June 2023, a distribution amounting to RM41.02 million or 1.74 sen per unit (1.70 sen taxable and 0.04 sen non-taxable) was paid on 29 August 2023.

For the period from 1 July 2023 to 31 December 2023, a distribution amounting to RM41.55 million or 1.75 sen per unit (1.69 sen taxable and 0.06 sen non-taxable) is payable on 29 February 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

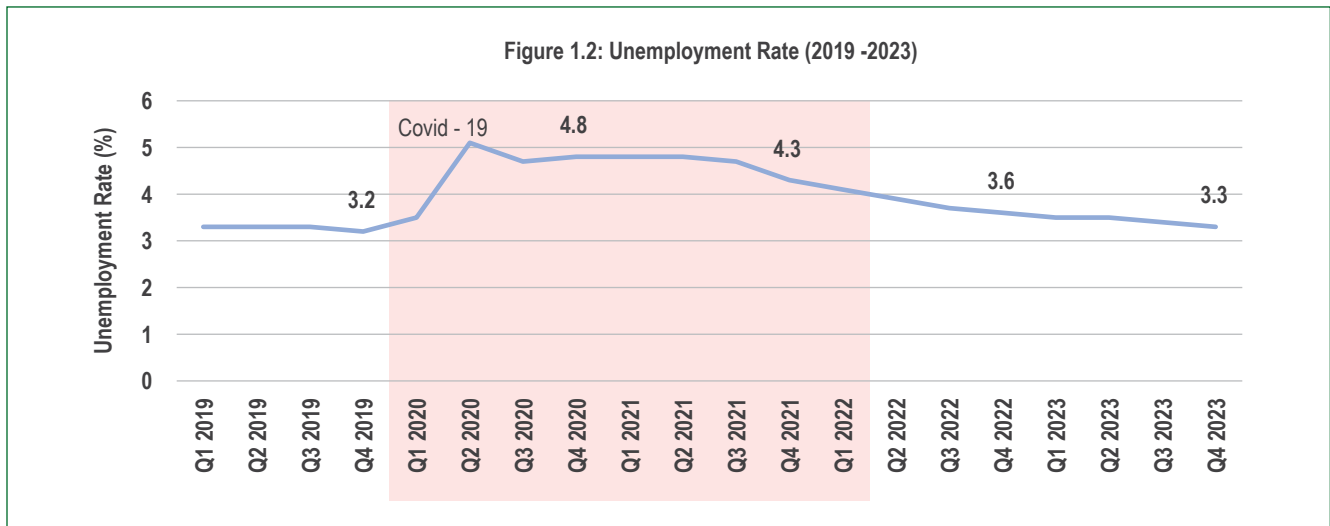
MALAYSIA ECONOMY REMAINED RESILIENT

In 2023, the Malaysian economy remained resilient, growing by 3.0% in Q4 2023 and 3.7% for the full year (Figure 1.1). Domestic demand and private consumption drove much of the growth in output, with the services, wholesale & retail trade, as well as transportation and storage sectors performing well. Activity in construction, real estate, and tourism-related industries added buoyancy, while international travel gradually built momentum in Asia following China’s reopening in January. Major infrastructure projects such as the East Coast Rail Link (ECRL), Pan Borneo Highway, West Coast Expressway (WCE), and Johor-Singapore Rapid Transit System (RTS), made good progress in the year, while exports and imports were subdued amid weakness in external demand caused global geopolitical and macroeconomic challenges.



Source: Department of Statistics Malaysia (DOSM)

The labour market continued its recovery trajectory with the national unemployment rate improving to 3.3% in Q4 2023, bringing the full year average in parity with the pre-Covid average (Figure 1.2). Employment in the services sector showed remarkable improvement, particularly for the transportation and storage, information and communication, food and beverage, and accommodation groups. Mining and quarrying, manufacturing, and agriculture also saw robust job creation despite headwinds.

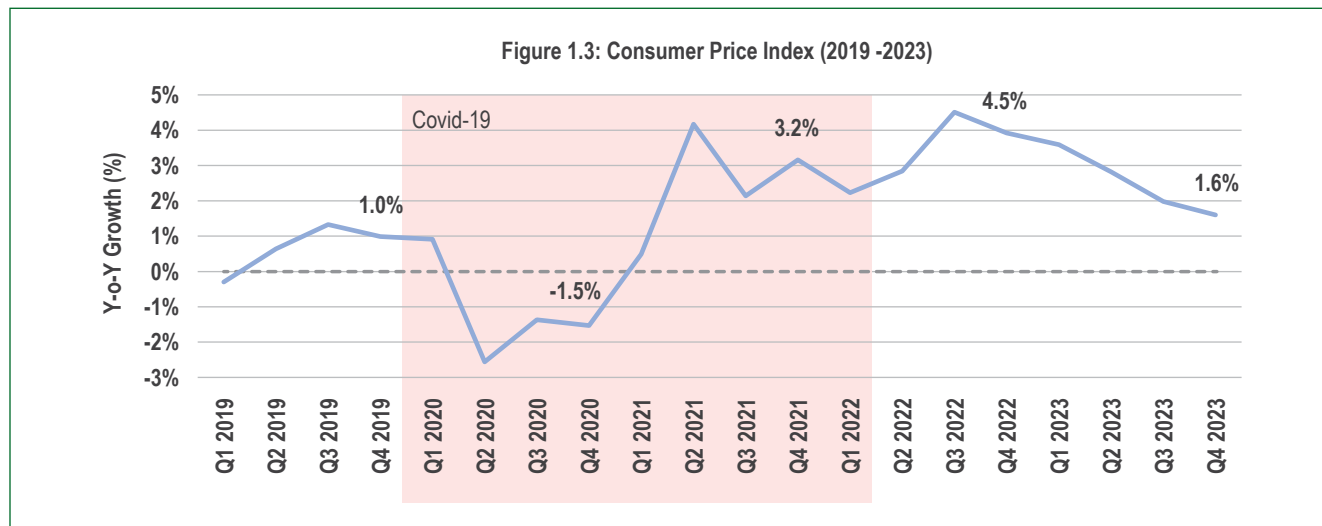


Source: Department of Statistics Malaysia (DOSM)

MANAGEMENT DISCUSSION AND ANALYSIS

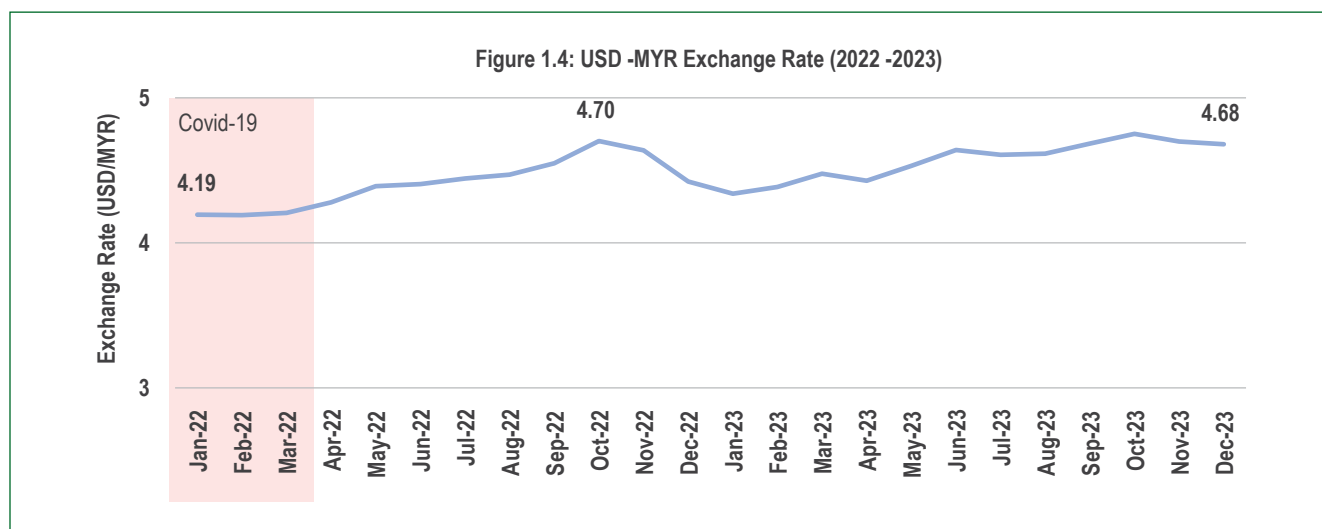
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As cost pressures eased and prices stabilised, we saw a moderation of inflation with the consumer price index (CPI) declining from a high of 4.5% in Q3 2022 to 1.6% in Q4 2023 (Figure 1.3). On an annual basis, the headline rate came in at 2.5% compared to 3.3% in the preceding year. The improvement was mainly attributable to slower price increases in transport, communication, furnishings and household equipment, and food and non-alcoholic beverages. Core inflation improved in tandem but to a lesser degree.



Source: Department of Statistics Malaysia (DOSM)

Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) only once in May, compared to four times in 2022, providing much needed relief for businesses and consumers. At its last Monetary Policy Committee (MPC) meeting in November, BNM left the OPR unchanged at 3.00%. Meanwhile, the United States Federal Reserve (The Fed) raised its Federal Funds Rate four times during the year to the 5.25% - 5.50% range. The widening interest rate gap between Malaysia and The United States resulted in a further depreciation of the Ringgit (Figure 1.4). However, it is anticipated that the Ringgit will see some improvement moving forward, as The Fed has signalled for rate cuts in 2024, contingent on economic indicators.

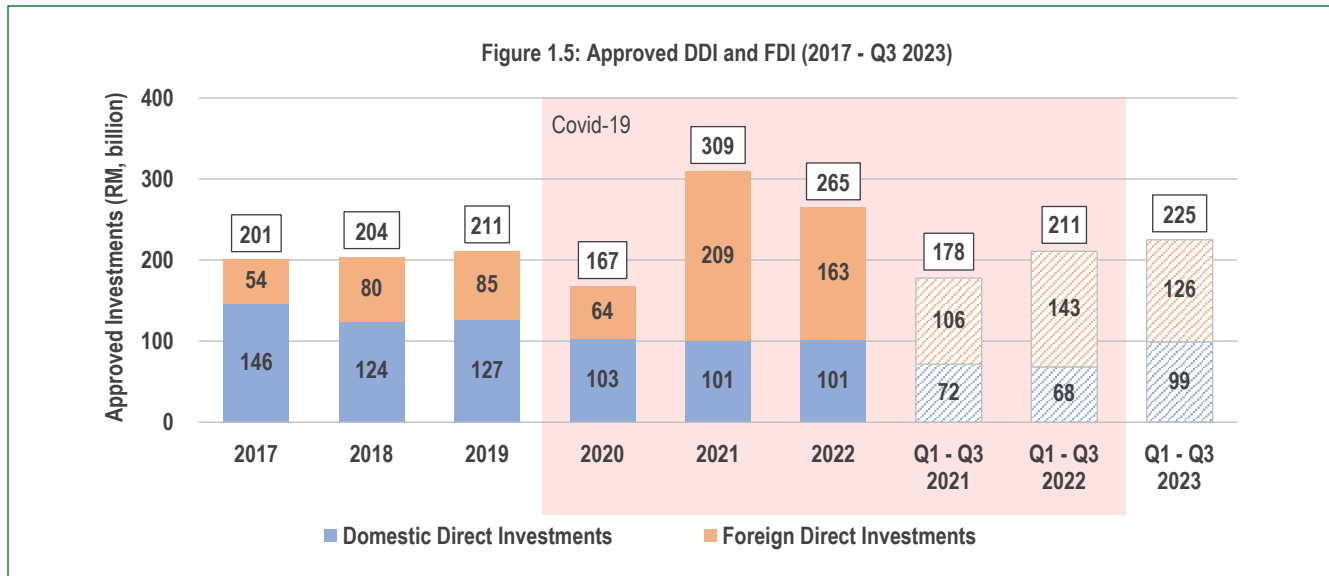


Source: Bank Negara Malaysia (BNM)

Investment facilitation efforts by the government attracted RM225 billion (b) in approved Domestic and Foreign Direct Investments (DDI and FDI) for Malaysia from Q1 to Q3 2023. This is 6.6% higher year-on-year and the highest in the corresponding period over the past decade (Figure 1.5). FDI constituted 56% (RM125.7b) of the total approved investments with The Netherlands (RM35b), Singapore (RM20.4b), The United States (RM18.9b), China (RM11.6b), and Japan (RM11.2b) emerging as major investors. Investments from The Netherlands and Singapore grew an astonishing 112% and 134% respectively, while Chinese inflows shrank by 76%. DDI increased significantly from RMRM68.3b to RM99.3b, reflecting the local market's confidence. The services sector continued to lead in 2023, accounting for 52% (RM117.7b) of total approvals, followed by 44% (RM99.8b) for manufacturing, and 4% (RM7.5b) for the primary sector. Among the many services sub-sectors, information and communications (ICT) and real estate were the largest beneficiaries, attracting 38% and 37% of all services-related approved investments.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)



Source: Malaysian Investment Development Authority (MIDA)

OFFICE SECTOR ENJOYED A MODEST BUT ENCOURAGING GROWTH TRAJECTORY

Offices in Kuala Lumpur (KL) maintained a modest but encouraging trajectory in 2023, recording greater interest and activity. The steady pace of economic growth, a robust labour market, and relatively accommodative interest rates provided a supportive and stable environment for businesses to embark on expansion and relocation plans during the year. Flexibility continued to be a strong theme among landlords, tenants and employees, with flexible leases, customisable spaces, as well as hybrid and remote working arrangements now integral aspects of the commercial real estate and working landscape. Co-working spaces grew in lockstep, appealing to a growing number of businesses. Prime, Grade-A, transit-oriented, and green-certified buildings, enjoyed sustained demand, driven by the ongoing flight-to-quality trend and increasing awareness of the importance of Environmental, Social, and Governance (ESG) features.

SUPPLY AND DEMAND OF OFFICE SPACE

Kuala Lumpur

KL's cumulative office space reached 89.6 million (m) square feet (sf) of net lettable area (NLA) in Q3 2023, a 4.4% increase from the previous year. KL City, which constitutes the Golden Triangle area and its surrounding localities, had three notable completions during the year : Merdeka 118, Menara PNB 1194, and Sunway V2 Office Tower @ Sunway Velocity. These developments added 1.65m, 169k and 360k sf to the market respectively. In the KL Fringe area, comprising localities such as KL Sentral, Bangsar, Damansara Heights, Mont Kiara, Jalan Syed Putra and Taman Tun Dr Ismail, two developments welcomed tenants : Mercu Aspire Tower @ KL Eco City (687k sf) and Corporate Towers 2 – 9 @ Pavilion Damansara Heights (846k sf). New office openings in 2024 are expected to include The Exchange TRX Campus Office and Felcra Tower in KL City, and Corporate Tower 1 @ Pavilion Damansara Heights and TNB Gold in KL Fringe, which will add 1.4m sf to existing office stock (Figure 3.1).

Figure 3.1: Notable Office Completions and Incoming Supply in Kuala Lumpur

Office	Location	Area	Completion	NLA (sq ft)
Merdeka 118	Jalan Hang Jebat	KL City	2023	1,650,000
Menara PNB 1194	Jalan Sultan Ismail	KL City	2023	169,000
Sunway V2 Office Tower @ Sunway Velocity	Jalan Cheras	KL City	2023	360,000
Mercu Aspire Tower @ KL Eco City	Bangsar	KL Fringe	2023	687,000
Corporate Towers 2– 9 @ Pavilion Damansara Heights	Pusat Bandar Damansara	KL Fringe	2023	846,000
The Exchange TRX Campus Office	Jalan Tun Razak	KL City	2024	1,400,000
Felcra Tower	Jalan Semarak	KL City	2024	
Corporate Tower 1 @ Pavilion Damansara Heights	Pusat Bandar Damansara	KL Fringe	2024	
TNB Gold	Bangsar	KL Fringe	2024	

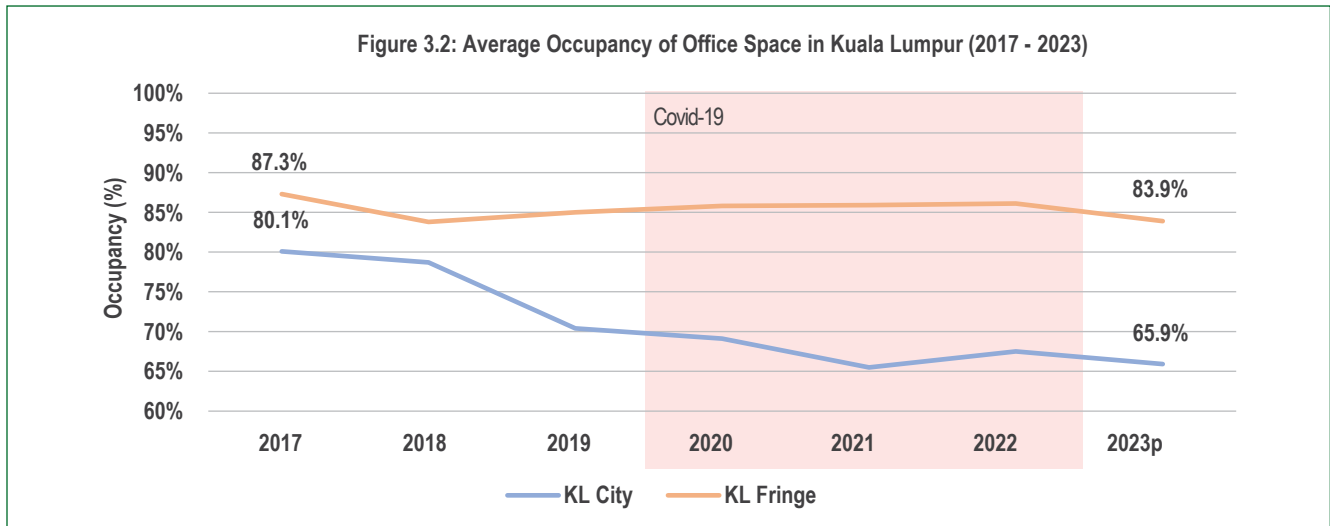
Source: Knight Frank Research

MANAGEMENT DISCUSSION AND ANALYSIS

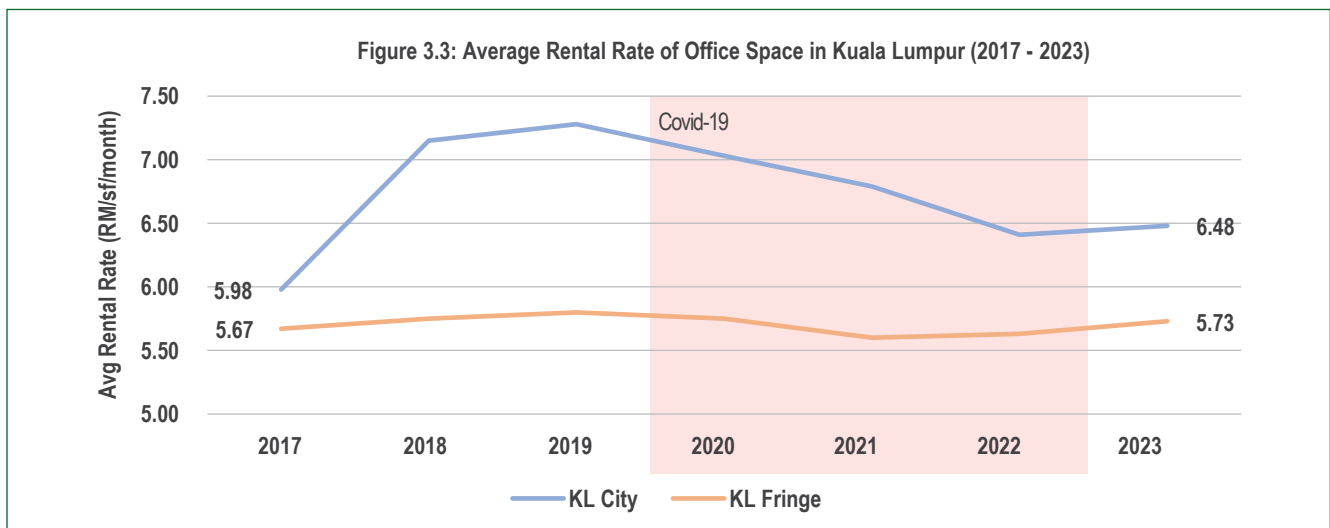
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The relatively large pipeline of new office projects combined with the structural and cultural impacts of Covid-19 continue to put downward pressure on occupancy rates. The average occupancy for both the KL City and KL Fringe office buildings remained on a declining trajectory, with the former seeing a significantly deeper decline over the past six years. Average rental rates however, improved in both locations by a modest degree. KL City recorded a 1.1% increase, while KL Fringe grew slightly more at 1.8% (Figure 3.2, Figure 3.3).

Within the basket of select office buildings in Kuala Lumpur, there was a mix of negative and positive price movements for rental rates. Generally, however, lower bound rental ranges saw decreases of between 3.5% - 26%, while upper bound rental ranges grew by 1% - 19%, creating a wider price gap. Tower II @ Petronas Twin Towers, Wisma Genting on Jalan Sultan Ismail, Integra Tower @ Intermark, The Exchange 106 @ TRX, and Menara Shell in Brickfields, stood out as properties with upper bound rental rates above RM10 per sf per month (Figure 3.4).



Source: Knight Frank Research
p = preliminary



Source: Knight Frank Research

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Figure 3.4: Rental Rates of Select Offices in Kuala Lumpur

Office	Rental Range (RM / sf / month)			Y-o-Y Change (%)	
	2019	2022	1H 2023	Lower	Upper
KL City					
Tower II @ Petronas Twin Towers	9.00 - 12.00	10.88 - 10.88	10.88 - 10.88	-	-
Menara Pavilion Tower @ Pavilion Kuala Lumpur	6.20 - 7.75	6.35 - 7.95	6.35 - 7.50	-	-5.7%
Menara Prestige	6.88 - 8.90	5.74 - 7.72	5.74 - 7.72	-	-
Wisma Genting	5.50 - 6.30	5.50 - 12.20	5.50 - 12.20	-	-
Menara Hap Seng 2	6.48 - 6.48	6.00 - 9.00	6.20 - 9.00	3.3%	-
Menara HLX	6.00 - 7.90	4.20 - 6.70	3.90 - 8.00	-7.1%	19.4%
UOA Centre	3.43 - 5.17	4.20 - 6.70	4.00 - 6.70	-4.8%	-
Integra Tower @ Intermark	9.20 - 12.00	8.00 - 11.40	7.72 - 11.40	-3.5%	-
GTower	6.80 - 9.00	5.30 - 8.30	4.50 - 8.60	-15.1%	3.6%
Hampshire Place Office	4.60 - 6.50	4.50 - 6.80	4.50 - 7.10	-	4.4%
Menara Tan & Tan	7.10 - 7.40	5.30 - 7.50	5.80 - 8.30	9.4%	10.7%
Menara See Hoy Chan	4.30 - 6.80	4.55 - 5.40	3.50 - 5.40	-23.1%	-
The Exchange 106 @ TRX	N/A	5.00 - 11.00	4.50 - 12.00	-10.0%	9.1%
Plaza Berjaya	1.90 - 4.60	3.16 - 3.95	3.16 - 3.95	-	-
KL Fringe					
1 Sentral @ KL Sentral	6.30 - 6.30	5.00 - 6.55	5.00 - 6.55	-	-
Menara Shell	N/A	3.00 - 9.45	4.31 - 10.77	43.7%	14.0%
Centrepoint South @ Mid Valley City	5.25 - 7.00	5.00 - 7.50	5.00 - 7.50	-	-
Centrepoint North @ Mid Valley City	5.00 - 6.80	4.00 - 6.80	4.00 - 7.00	-	2.9%
Gardens South Tower @ Mid Valley City	6.50 - 8.30	6.50 - 7.50	6.50 - 7.60	-	1.3%
Gardens North Tower @ Mid Valley City	6.60 - 8.37	6.00 - 7.90	6.00 - 7.90	-	-
Menara IGB @ Mid Valley City	5.00 - 6.80	5.00 - 6.50	4.36 - 6.50	-12.8%	-
Southpoint Offices & Retail @ Mid Valley City	N/A	6.50 - 7.50	6.00 - 7.50	-7.7%	-
Mercu 3 @ KL Eco City	N/A	5.10 - 5.70	5.10 - 6.00	-	5.3%
UOA Corporate Tower	N/A	5.30 - 7.80	5.30 - 7.80	-	-
The Horizon Tower 8	6.00 - 8.60	6.10 - 6.93	5.00 - 7.20	-18.0%	3.9%
Menara UOA Bangsar	4.66 - 6.00	5.40 - 7.00	4.00 - 7.50	-25.9%	7.1%
Menara Manulife	N/A	4.50 - 4.50	4.50 - 4.80	-	6.7%
Menara Milenium	N/A	4.62 - 6.10	4.62 - 6.10	-	-
Wisma Chase Perdana	N/A	2.30 - 4.10	2.38 - 3.80	3.5%	-7.3%
Wisma UOA Damansara I	N/A	3.80 - 6.00	3.80 - 5.70	-	-5.0%
Wisma UOA Damansara II	N/A	3.00 - 6.20	3.00 - 6.20	-	-

Source: National Property Information Centre (NAPIC)

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

OPERATIONS OVERVIEW

IGBCR performed well in the year, seeing growth in revenue and average occupancies across our portfolio. We worked to contain our expenses, despite increasing costs due to factors such as sustained inflation and a depreciating ringgit. This has resulted in an overall improvement in our bottom line.

In the year, our leasing efforts led to an increase in the number of viewings, which translated to 62 new tenancies, amounting to 303,000 sf and a good tenancy renewal rate of 75% in 2023.

Table 1: Notable Changes in Occupancy in 2023

Property	Description
The Gardens South Tower	Occupancy increased to 91% in 2023 from 81% in 2022
Centrepoint South	Occupancy increased to 99% in 2023 from 89% in 2022
Menara IGB and IGB Annexe	Occupancy increased to 81% in 2023 from 76% in 2022
Boulevard Offices and Retail	Occupancy increased to 95% in 2023 from 89% in 2022

The year was not without its challenges however. The increasing availability of new office developments, for example, has put downward pressure on rental rates. There has also been a flight-to-quality, with companies looking to set up their operations in Prime, Grade A, and Green Certified buildings. Costs have also increased in the year.

Within our portfolio, we have seen a stronger demand for office space amongst our MVC properties, driven by their location within MVC's established and vibrant ecosystem, frustration with KL City congestion, and the growing strength of an employee voice that has expressed a preference to work closer to home. As a result, we have had to adopt two distinct strategies this year.

- For our properties in MVC, our focus has been very much on the retention of tenants and building loyalty. As such, our teams have emphasised tenant engagement, working to support the evolving needs of existing tenants.
- For our properties in the KL City Centre, our focus has been on working to improve occupancy by allowing greater flexibility so that we can meet the needs of potential tenants.

Our overarching strategy however remained the same as we worked to build community through engagement.

STRATEGIC RESPONSE

Against a landscape that is seeing shifts in requirements and preferences, IGBCR has maintained our strategy of forging strong relationships with our tenants through active engagement. We understand that our success is intrinsically linked to the success of our tenants, and work hard to understand their business and evolving needs. The time and effort put into tenant engagement has allowed us to embark on AELs that meet the needs of companies today while finding the right balance between cost, efficiency, and quality. We believe that this approach and commitment to delivering exceptional service levels is what sets us apart from our competitors and promotes positive symbiotic relationships that benefit all parties involved.

1. Active Engagement of Existing Tenants

Active tenant engagement forms a cornerstone of our business strategy. It has allowed us to weather challenging times as well as thrive in positive market environments.

Early Tenant Engagement

Early tenant engagement in particular has proven to be beneficial as it has allowed us to gauge renewal interest in advance, while providing us with the time to understand and address their changing space and cost requirements. Knowing early on that a tenant will not be renewing their tenancy also allows us to seek replacement tenants in a timely manner.

Tenant Events and Activities

We believe that through building community, we positively impact people and businesses, supporting professional and personal growth and connection. One way that we have built community is through organising events that not only allow us to engage with our tenants, but allow them to network with the broader community.

Throughout the year, we organised several tenant events and activities:

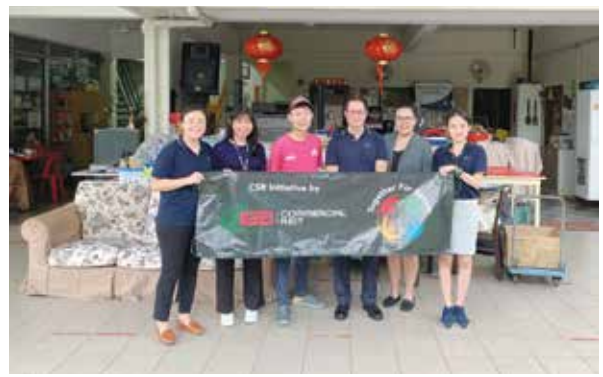
- **Corporate Social Responsibility Activities:** With the support of tenants within our portfolio, we organised Corporate Social Responsibility (CSR) activities that the broader tenant community could participate in. These included blood donation drives, a fitness event, and a clothes donation drive, amongst others. For more information on these initiatives, please refer to the Sustainability Statement in this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)



IGBCR volunteers at IQ70Plus



IGBCR volunteers at Rumah Charis

- **Tenant Networking Event:** A tenant networking event was held to provide tenants with an opportunity to network, and allow the IGBCR team to strengthen our relationships with them. The event received positive feedback and was well attended.
- **Quarterly E-Newsletter:** IGBCR tenants receive quarterly newsletters which provide them with updates on happenings within the buildings across the IGBCR portfolio. It also provides an avenue for tenants to share business insights and extend special promotions to the IGBCR community.



IGBCR's quarterly tenants newsletter – "Community Circles":
Exclusive tenant promotions



IGBCR's quarterly tenants' newsletter – "Community Circles":
Articles by tenants

2. Asset Enhancement Initiatives

We have undertaken various AELs in the year to ensure that the buildings within the IGBCR portfolio continue to meet the evolving needs of companies and provide a modern, comfortable and safe working environment for tenants and visitors. These initiatives not only help keep our buildings relevant, they also work to enhance our performance and efficiency, and support our drive towards greater sustainability.

GTower

- **Installation of New Lifts:** 5 new lifts were installed at GTower. These lifts are more efficient and operate at a faster speed, reducing waiting and travelling times for passengers. The lifts were operational in June 2023.
- **Replacement of Chiller:** The new chiller has improved energy efficiency which will support GTower's efforts to reduce its environmental impact and carbon emissions without compromising tenant safety, convenience and comfort. The new chiller commenced full operations in December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)



Installation of new lifts at G Tower



Replacement of chiller at G Tower

Menara Tan & Tan

- **Enhancement of Lift Interiors:** A lift interior enhancement initiative was undertaken to seamlessly blend functionality with aesthetic appeal. The enhancement works were completed in December 2023.



Enhanced lift interiors at Menara Tan & Tan

The Gardens North & South Tower

- **Enhanced Accessibility:** Work to enhance the accessibility of tenants working in The Gardens South & North Towers to the Gardens Mall was completed in August and November 2023 respectively. Tenants within these towers will enjoy increased convenience, saving time in their daily commute to and from the mall.

3. Customised Support for New & Renewing Tenants

Companies looking for office space today are increasingly coming with specific requirements that need to be fulfilled as the prioritisation of ESG factors becomes more entrenched and employers work to offer vibrant, community-driven office spaces. The ability to listen and remain flexible in engaging with new and renewing tenants has therefore been extremely important for our business.

- **Built to Lease Programme:** We offer a built to lease programme where we work with new and renewing tenants to furnish their offices to their specifications. The program has received a positive response as it has enabled tenants to initiate office operations without the burden of significant upfront capital for renovations.
- **Exclusive Privileges for New & Renewing Tenants:** Companies across a wide range of industries are represented in our portfolio. In line with our efforts to build community, we work with existing tenants to offer exclusive privileges to new and renewing tenants.

MARKET OUTLOOK

Heading into 2024, the Malaysian economy is expected to remain resilient against prevailing uncertainties in the global economic and geopolitical landscapes. The Ministry of Finance (MOF) forecasts Gross Domestic Product (GDP) to grow between 4% – 5% in 2024, supported by robust domestic demand, easing inflationary pressures, a strong labour market, and improvements in trade and tourism-related activities. Financial conditions remain accommodative and The Federal Reserve's intent to loosen interest rates are likely to provide some upside to the Ringgit's strength. Frameworks such as the National Energy Transition Roadmap (NETR) and National Industrial Master Plan (NIMP) 2030 have strong potential to channel and boost investments in strategic, high-growth areas such as renewable energy, electric vehicle (EV) manufacturing, Electrical and Electronics fabrication, aerospace engineering, and pharmaceuticals.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Nevertheless, downside risks continue to persist, with the outlook for the KL office market cautiously optimistic. While the uptick in enquiries and transactions seen in 2023 are expected to continue, the large existing stock of offices and incoming supply of new buildings means occupancy and rental rates will continue to face challenges in achieving substantial growth. Non-prime, technologically outdated buildings, or those with poor mechanical and electrical infrastructure and connectivity, are anticipated to see weaker demand compared to newer properties with modern, amenity-rich or ESG-compliant characteristics. Hybrid and remote work, though less prevalent in Malaysia, will drive demand for more flexible and customisable office solutions, as well as growth for co-working spaces.

Kuala Lumpur remains an attractive destination for both local and international firms however as a result of its robust infrastructure, strong connectivity, and vibrancy. Additionally, the catalysing effects of investments brought in by The Malaysian Investment Development Authority (MIDA) and the government’s planned startup and venture capital blueprint, are expected to bring further upside to the market.

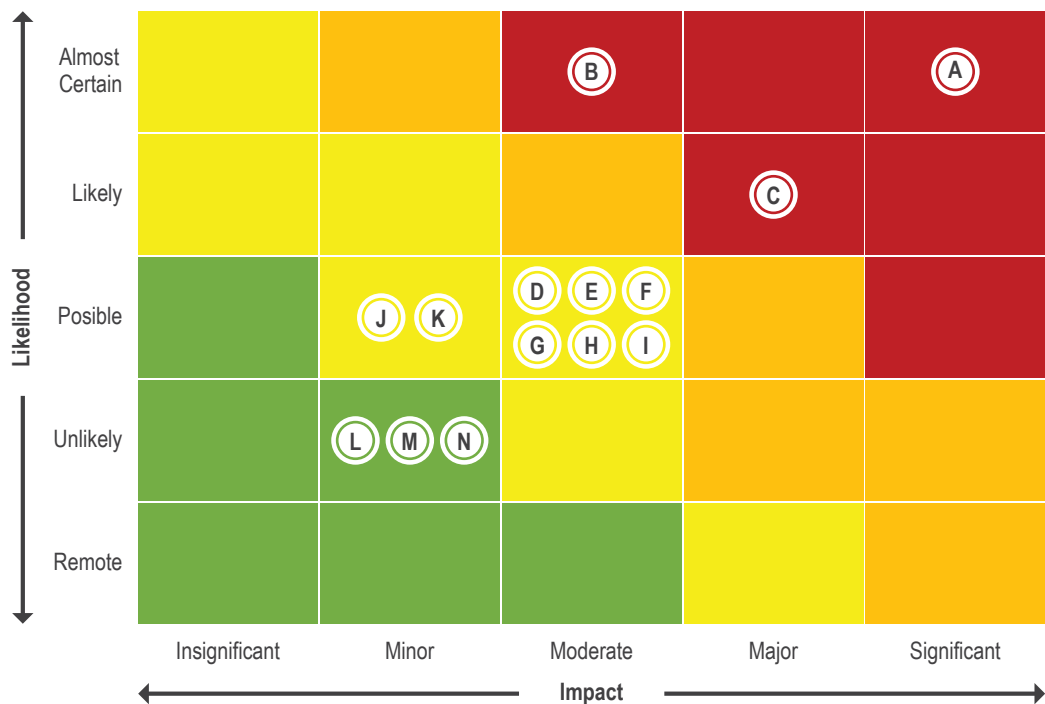
IGBCR is therefore cautiously optimistic as we enter 2024. We will continue to focus on building community through actively engaging our tenants while ensuring that our buildings remain relevant through investing in AElS. We are confident that our approach will continue to allow us to build tenant loyalty, better anticipate and plan for changes, and have the flexibility and ability to cater to evolving needs.

RISK MANAGEMENT INTEGRAL TO SUSTAINED SUCCESS

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

The Framework puts in place a robust risk management process which allows us to identify, assess and manage significant business risks in a timely manner as well as helps us achieve our strategic objectives.





During the year, the following were deemed key risk focus areas in working towards achieving IGBCR’s strategic objectives.



- (A) Business/ Market Risk
- (B) Supply Chain Risk
- (C) Competition Risk
- (D) Tenancy Maturity Risk
- (E) Regulatory & Compliance Risk
- (F) Mechanical Electrical & Plumbing Risk
- (G) Talent & Resource Management Risk
- (H) Health, Safety & Security Risk
- (I) Information & Cyber Security Risk
- (J) Climate Change Risk
- (K) Liquidity & Cash Flow Risk
- (L) Credit Risk
- (M) Interest Rate Risk
- (N) Capital Management Risk





MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Key Risk Areas	Potential Impact	Opportunities	Mitigating Actions
<p>A Business / Market Risk</p> <p>Risks associated with macroeconomic factors and commercial office market trends such as low business and consumer sentiment, changing work and tenant preferences, and imbalances between the supply and demand of office space.</p> 	<ul style="list-style-type: none"> Lower revenue and net property income due to poor economic conditions, loss of tenants, and increasing operational costs. 	<ul style="list-style-type: none"> Differentiation of our assets and services by delivering operational excellence and exceptional amenities to tenants. Strengthening relationships with our tenants through win-win negotiations in tenancy terms and conditions. Improvement of operational efficiencies to mitigate rising costs. 	<ul style="list-style-type: none"> Continual improvement of our engagement, response, and overall customer service levels, to drive higher tenant satisfaction scores. Regular communication with tenants to identify red flags and opportunities within our tenancy terms to achieve mutually beneficial outcomes. Collaboration with our sister companies under the IGB Group to maximise operational and business synergies. Strict monitoring of operational costs and regular reviews on process efficiencies.
<p>B Supply Chain Risk</p> <p>Internal and external events such as geopolitical conflicts, outbreaks of infectious diseases, extreme weather, and changes in regulations that result in unanticipated disruptions to supply chains.</p> 	<ul style="list-style-type: none"> Disruptions to operational and maintenance activities, resulting in lower service levels to our tenants and customers. Increased operating costs due to the mismatch in the supply and demand of goods and services. 	<ul style="list-style-type: none"> Diversification and enlargement of the vendor management system database to allow for a wider selection of vendors. Improvement of inventory management systems and processes to account for unexpected supply chain disruptions. 	<ul style="list-style-type: none"> Ongoing monitoring and management of costs amid an inflationary surge in expenses. Maintain an adequate inventory surplus of critical operational equipment and components to mitigate long lead times in order fulfilment and other unexpected disruptions.
<p>C Competition Risk</p> <p>Launch of new office buildings exacerbates competition in an already crowded Kuala Lumpur office market.</p> 	<ul style="list-style-type: none"> Loss of tenants to new office buildings in the surrounding areas, resulting in lower occupancy and revenue. 	<ul style="list-style-type: none"> Differentiation of our properties from those of our competitors through unique value propositions, driving long-term sustainable performance. 	<ul style="list-style-type: none"> Employ tenant attraction and retention strategies such as embedding flexibility into tenancy terms, offering rebates for early renewals, and partnering with vendors to provide value-added benefits, in addition to high level services.
<p>D Tenancy Maturity Risk</p> <p>The risk of tenant non-renewals and downsizing.</p> 	<ul style="list-style-type: none"> Loss of occupancy, leading to lower revenue and net property income. 	<ul style="list-style-type: none"> Diversification of our tenant mix and lease renewal cycles. 	<ul style="list-style-type: none"> Execute proactive leasing strategies by closely engaging with tenants for forward renewals, and spreading out the portfolio lease expiry profile. Closely monitor tenants' business sectors for early identification of risks and provision of support where appropriate. Continually assess our tenant mix and work to diversify tenant concentration across business size, type and industry within all properties.



MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Key Risk Areas	Potential Impact	Opportunities	Mitigating Actions
<p>E Regulatory & Compliance Risk</p> <p>Compliance with Malaysian laws and regulations, which include those related to employment, health & safety, data privacy, and anti-corruption, amongst others.</p> 	<ul style="list-style-type: none"> Financial and reputational impact from failure to comply with applicable laws and/or regulations. 	<ul style="list-style-type: none"> Establishment of strong corporate governance policies and frameworks to ensure the highest level of operational, financial and legal compliance with all applicable laws and regulations. 	<ul style="list-style-type: none"> Keep abreast of regulatory requirements and roll out updates to policies and frameworks in a timely manner. Subscription to IGB Group's Anti-Bribery and Corruption Policy and Group Whistleblowing Policy.
<p>F Mechanical, Electrical & Plumbing Risk</p> <p>Failure of mechanical, electrical and plumbing (MEP) infrastructure.</p>  	<ul style="list-style-type: none"> Disruptions to service levels, resulting in poor tenant satisfaction, lower occupancy and revenue. 	<ul style="list-style-type: none"> Establishment of strong policies and procedures related to preventive maintenance of infrastructure to drive long-term sustainable performance. Continuous AElS to ensure the upkeep of our properties. 	<ul style="list-style-type: none"> Adhere to strict maintenance policies and procedures, with preventative maintenance conducted regularly. Replace worn-out or underperforming infrastructure with modern, effective and efficient upgrades. Completed AElS during the year to improve operational efficiency and performance (<i>Further details can be found in the Asset Enhancement Initiatives section of the Management Discussion & Analysis</i>).
<p>G Talent & Resource Management Risk</p> <p>The inability to attract, retain or effectively utilise talent. <i>Chartwell ITAC International Sdn Bhd (Property Manager) engages IGB Property Management Sdn Bhd (Service Provider) to employ and manage the personnel who oversee the day-to-day running of our properties.</i></p> 	<ul style="list-style-type: none"> Reduced operational and business capabilities, adversely impacting profitability and long-term sustainable performance. 	<ul style="list-style-type: none"> Inclusion of talent development and succession plans as key strategies. Expansion and diversification of responsibilities for high potential talent to drive career development. 	<ul style="list-style-type: none"> The Service Provider invests in talent development programmes and offers competitive employment packages to attract and retain talent. The Service Provider monitors and assesses for potential skill gaps, redeployment needs, succession plans, and other beneficial career and employee-related initiatives. The Service Provider fosters an inclusive and equitable work culture through regular engagement sessions and events with employees. The Service Provider ensures full compliance with all local labour and employment laws and regulations.




MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Key Risk Areas	Potential Impact	Opportunities	Mitigating Actions
<p>H Health, Safety & Security Risk</p> <p>Incidents related to health, safety & security which have the potential to result in significant adverse outcomes for individuals and communities.</p> 	<ul style="list-style-type: none"> Loss in profitability and long-term sustainable performance due to reputational loss. 	<ul style="list-style-type: none"> Embed strong health, safety & security procedures and protocols, as well as recovery plans within our operations. 	<ul style="list-style-type: none"> All health, safety & security incidents occurring within our properties are tracked and investigated promptly, with appropriate follow-up actions taken. Regularly hold health, safety & security briefings, trainings and inspections (including annual fire drills) to manage the risks within our properties and ensure compliance with the Occupational Safety and Health Act. Quarterly Safety, Health and Environment Committee meetings to review all matters pertaining to health and safety.
<p>I Information & Cyber Security Risk</p> <p>Incidents related to information technology systems which have the potential to result in compromised system security or access, or the loss or exposure of confidential data.</p> 	<ul style="list-style-type: none"> Disruptions to operations from compromised information technology systems or loss of key operational data. Financial and reputational implications from the exposure of confidential company, tenant or customer data. 	<ul style="list-style-type: none"> Establishment of strong cyber security policies and processes related to information technology management, with an emphasis on security protocols. Establishment of a business continuity plan (BCP) and recovery plans that can be activated in the event of a cyber security incident. 	<ul style="list-style-type: none"> Established a BCP for IGBCR, which is supplemented by IGB Group's IT BCP. Subscription to IGB Group's Cybersecurity Policy, IT Acceptable Use Policy and Data Governance and Data Privacy Policies. Deployment of critical cyber security software across key information technology systems e.g. privilege access management, endpoint protection, log management systems etc. Regular cyber security trainings through e-portals, as well as ad hoc social engineering tests throughout the year.



MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Key Risk Areas	Potential Impact	Opportunities	Mitigating Actions
<p>J Climate Change Risk</p> <p>The physical and transitional risks of climate change, such as extreme weather events, disruptions to commodity and resource production, and the implementation of sustainability-related laws, regulations and financing.</p> 	<ul style="list-style-type: none"> Increased maintenance costs and potential damage to our properties from the impact of extreme weather events such as floods, water seepages, extreme heat, etc. Taxation, penalties or restrictions imposed by authorities due to new regulations concerning carbon emissions, supply chains and sustainable financing. 	<ul style="list-style-type: none"> Establishment of sustainability policies and frameworks to build operational resilience against climate change risks. Improvement of energy, water, waste and material management practices to achieve higher levels of operational efficiency and lower operating costs. 	<ul style="list-style-type: none"> Set sustainability targets for energy usage intensity (EUI) and waste diversion for IGBCR. Subscription to IGB Group's Sustainability Policy. Monitor and review existing green building certifications and work on expanding certification across our properties. Ongoing efforts to improve energy and water usage efficiency within our properties. Ongoing recycling initiatives to divert waste from landfills. Completed AELs during the year to improve consumption efficiency (<i>Further details can be found in the Sustainability Statement</i>).
<p>K Liquidity & Cash Flow Risk</p> <p>Arises when inadequate funds are available to meet financial obligations.</p> 	<ul style="list-style-type: none"> Significant impact on business operations from inadequate funds. 	<ul style="list-style-type: none"> Establishment of strong financial control policies to reduce the likelihood and impact of unexpected interruptions to business operations and new growth ventures. 	<ul style="list-style-type: none"> Close monitoring and prudent maintenance of adequate cash, cash equivalents and bank facilities to finance operations, distribute income to unitholders, and mitigate the effects of fluctuations in cash flows. Adhere to the limits on total borrowings set by the Guidelines on Listed Real Estate Investment Trusts issued by the SC.
<p>L Credit Risk</p> <p>Credit exposure to outstanding receivables from 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 the business which is mainly rental-related and cash-based.</p> 	<ul style="list-style-type: none"> Financial losses from the impairment of uncollectible receivables. 	<ul style="list-style-type: none"> Establishment of stringent tenant due diligence and credit collection policies to maintain low exposure to outstanding receivables. 	<ul style="list-style-type: none"> Employ strict tenant selection procedures, with close monitoring of credit balances. Ensure cash, cash equivalents and deposits are only held with financial institutions with high credit ratings assigned by reputable credit rating agencies.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Key Risk Areas	Potential Impact	Opportunities	Mitigating Actions
<p>M Interest Rate Risk Exposure to changes in interest rates, which affect borrowing and loan obligations.</p> 	<ul style="list-style-type: none"> Inability to effectively manage interest rates, leading to fluctuations in interest payment obligations. 	<ul style="list-style-type: none"> Management of interest rates to facilitate better financial planning and returns to unitholders and other stakeholders. 	<ul style="list-style-type: none"> Actively monitor market trends and the sentiment and monetary decisions of the central bank to effectively manage interest rate changes and fluctuations in interest payments.
<p>N Capital Management Risk The mismanagement of capital, which adversely impacts the ability to operate as a going concern or to provide returns for unitholders and other stakeholders.</p> 	<ul style="list-style-type: none"> Inability to continue as a going concern, resulting in the reduction of value delivered to unitholders and other stakeholders. 	<ul style="list-style-type: none"> Maintain an efficient capital structure to facilitate sustainable, long-term performance and delivery of returns to unitholders and other stakeholders. 	<ul style="list-style-type: none"> Maintain an appropriate gearing level and adopt an interest rate management strategy to manage the risks associated with refinancing and changes in interest rates. Diversify sources of debt funding as appropriate, secure favourable funding terms, and maintain a reasonable level of debt servicing capability. Manage financial obligations and exposures arising from adverse interest rate movements to improve the efficiency of the cost of capital.

	31.12.2023 RM' million	31.12.2022 RM' million
Borrowings	853	853
Cash and bank balances	129	119
Net gearing	724	734
Total Unitholders' fund	2,296	2,298
Net gearing (%)	32%	32%
Loan-to-total asset value (LTV) (%)	26%	26%

Securities Commission allowable gearing limit for M-REITS is 50% of TAV as at 31 December 2023.

SUSTAINABILITY STATEMENT

INTRODUCTION

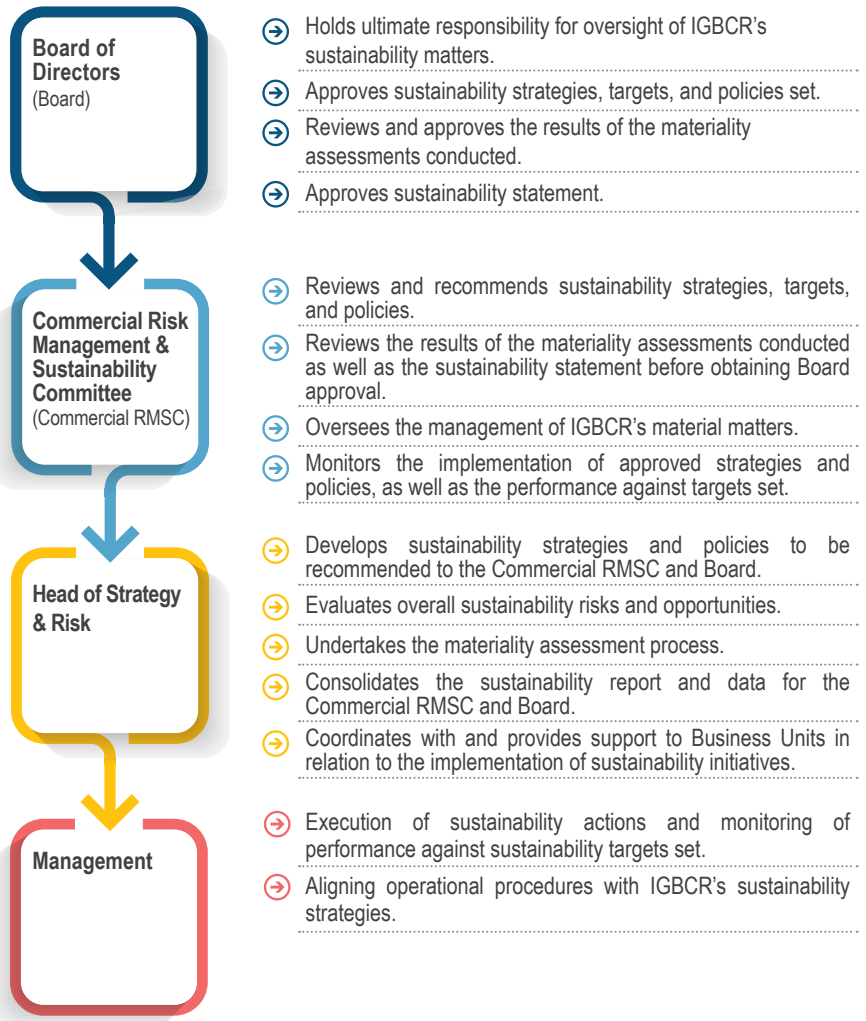
IGB Commercial REIT (IGBCR) is committed to building a sustainable business that evolves with the times and positively impacts the communities in which we operate. This year, we have continued to take positive steps in our sustainability journey and are pleased to present IGBCR's Sustainability Statement for the year ended 31 December 2023. This statement covers all properties in our portfolio and sets out the progress we have made, and includes our strategies, implemented initiatives, as well as future goals and targets.

OUR
 APPROACH TO
 SUSTAINABILITY

Today, sustainability is all encompassing, with a growing number of businesses across industries prioritising it and taking steps to embed Environmental, Social, and Governance (ESG) considerations into their medium and long-term strategies. IGBCR has similarly embraced sustainability and has embedded it in our strategy through the adoption of the IGB Group Sustainability Policy which was established in August 2023.

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Roles and responsibilities



SUSTAINABILITY STATEMENT

(continued)

STAKEHOLDER ENGAGEMENT

Feedback Channels

We believe that in order to grow a sustainable business, we need to regularly engage our stakeholders so that we understand what is important to them and their expectations. These insights in turn help us develop our medium- and long-term strategies, make decisions that improve our day-to-day operations, align our sustainability practices with the needs and expectations of our stakeholders, and remain accountable.

Regular engagement with our stakeholders also helps to strengthen our relationships with them and build trust. As such, we regularly engage our stakeholders through various channels throughout the year, and ensure that all engagements are inclusive and that we are responsive to feedback received.

The channels used to engage our stakeholders are set out in the table below.

Business Partners & Industry Associates

Engagement Objective	Engagement Approach	Key Concerns
<ul style="list-style-type: none"> To nurture strong and lasting relationships with business partners. To discover business opportunities. To share knowledge and best practices. To keep up to date with changes in the operating environment. 	<ul style="list-style-type: none"> ➔ Ongoing <ul style="list-style-type: none"> Digital communication channels. Participation in industry associations. ➔ Periodically <ul style="list-style-type: none"> Forums & dialogue sessions. ➔ As required <ul style="list-style-type: none"> Formal engagement through meetings organised. 	<ul style="list-style-type: none"> Identify business opportunities and share knowledge. To contribute to the advancement of the industry. To have fair representation of the industry with authorities. <p>Our Responses</p> <ul style="list-style-type: none"> Attend and participate in forums, dialogues, workshops, and other events. Collaborate with business partners to further shared goals. Contribute to industry advancement initiatives. Hold memberships in industry associations.

Government & Authorities

Engagement Objective	Engagement Approach	Key Concerns
<ul style="list-style-type: none"> To fulfil legal and compliance requirements. To keep up to date with the regulatory landscape. To listen and respond to concerns and interests of the authorities. To seek clarification on applicable laws, guidelines and frameworks. To share industry-related issues and concerns. 	<ul style="list-style-type: none"> ➔ Ongoing <ul style="list-style-type: none"> Digital communication channels. ➔ Periodically <ul style="list-style-type: none"> Forums & dialogue sessions. ➔ As required <ul style="list-style-type: none"> Formal engagement through meetings organised. 	<ul style="list-style-type: none"> Regulatory and legal compliance. Compliance with corporate governance practices. Health, safety and security management. A fair and balanced view of key material topics. Contribution to economic growth. Contribution to industry advancement. <p>Our Responses</p> <ul style="list-style-type: none"> Ensure full compliance with all regulatory requirements. Establish policies to align to and ensure compliance with relevant legislation. Attend physical / virtual meetings to keep up with regulatory changes. Conduct briefings and inspections with the relevant authorities in their areas of interest. Timely communication with authorities to provide information.

SUSTAINABILITY STATEMENT

(continued)

Employees*

Engagement Objective	Engagement Approach	Key Concerns
<ul style="list-style-type: none"> To support human capital development and talent retention. To communicate employee benefits and welfare matters. To ensure the overall welfare of employees are addressed. To support the creation of a safe and healthy work environment. To foster a culture of diversity, inclusivity and excellence. To provide fair and equal opportunities that recognise the talent of individuals. 	<ul style="list-style-type: none"> ➔ Ongoing <ul style="list-style-type: none"> Employee Communication platforms. Company websites. ➔ Periodically <ul style="list-style-type: none"> Workshops, trainings & team building. ➔ Quarterly <ul style="list-style-type: none"> Company newsletter. Townhalls & dialogue sessions. ➔ Annual/Bi-annual <ul style="list-style-type: none"> Employee satisfaction survey. Performance appraisals. 	<ul style="list-style-type: none"> Career development and progression. Opportunities for upskilling and learning. Remuneration and benefits. Job security. Healthy, safe and inclusive work environment. Fair and ethical labour practices and standards. Non-discrimination and equal opportunity. Work-life balance. Strategy and future orientation of the business. Opportunities to contribute to Corporate Social Responsibility (CSR) programmes.
		Our Responses <ul style="list-style-type: none"> Offer competitive benefits and remuneration packages. Develop a high performing workforce through structured training programmes. Provide enriching employee engagement activities on a regular basis. Communicate updates on company financial performance and growth plans. Promote a culture of inclusivity, openness and collaboration. Provide equal employment opportunities without discrimination. Ensure compliance with all applicable health & safety and labour laws. Conduct fair and constructive employee appraisals.

Investment Community

Engagement Objective	Engagement Approach	Key Concerns
<ul style="list-style-type: none"> To communicate financial performance, key business activities and decisions. To listen and respond to shareholder concerns and interests. To nurture strong and lasting relationships with the investment community. To obtain access to capital and other financial resources. 	<ul style="list-style-type: none"> ➔ Ongoing <ul style="list-style-type: none"> Digital communication channels. Company websites. Social media. ➔ As required <ul style="list-style-type: none"> Corporate announcements. Physical & virtual meetings. ➔ Quarterly <ul style="list-style-type: none"> Investor & analyst briefings. Quarterly results. ➔ Annually <ul style="list-style-type: none"> Annual reports & General Meetings. 	<ul style="list-style-type: none"> Economic and financial performance. Business strategy and future orientation. Long-term sustainable value creation. Timely and accurate disclosure of information. Return on investment / equity. Corporate governance practices. Sustainability initiatives and climate change strategies.
		Our Responses <ul style="list-style-type: none"> Deliver operational excellence to our customers and tenants. Employ sound investment and capital management strategies. Ensure full compliance with all regulatory requirements. Establish policies to align with and ensure compliance with relevant legislation. Timely communication and dissemination of information to investors. Align reporting standards to international frameworks. Provide appropriate channels for investor engagement and communication. Integrate sustainability into business decisions and strategies.

SUSTAINABILITY STATEMENT

(continued)

Local Communities

Engagement Objective	Engagement Approach	Key Concerns
<ul style="list-style-type: none"> To build strong and long-lasting relationships with our local communities. To contribute to the well-being of our local communities. 	<ul style="list-style-type: none"> ➔ Ongoing <ul style="list-style-type: none"> Social Media. Company websites. ➔ As required <ul style="list-style-type: none"> Digital communication platforms. Donation drives, sponsorships, volunteer work. Festive and cultural themed events. 	<ul style="list-style-type: none"> Economic and financial aid. Sustained, long-term support. Social impact of business activities. Environmental impact of business activities. Job opportunities. Opportunities to collaborate. Opportunities for upskilling and learning. <p>Our Responses</p> <ul style="list-style-type: none"> Contribute to the economic well-being of our local communities. Contribute manpower and resources to support community initiatives. Communicate and engage with local communities to understand their needs. Collaborate with local authorities and NGOs to deliver positive social impact.

Media

Engagement Objective	Engagement Approach	Key Concerns
<ul style="list-style-type: none"> To communicate financial performance, key business activities and decisions. To communicate and raise awareness of events and happenings. To listen and respond to queries. To build market visibility and brand recognition. To nurture trust and confidence with media organisations. 	<ul style="list-style-type: none"> ➔ Ongoing <ul style="list-style-type: none"> Company websites. Social Media. ➔ As required <ul style="list-style-type: none"> Digital communication platforms. Press briefings, conferences and statements. ➔ Quarterly <ul style="list-style-type: none"> Investor & analyst briefings. Quarterly results. ➔ Annually <ul style="list-style-type: none"> Annual reports & General Meeting. 	<ul style="list-style-type: none"> Economic and financial performance. Business strategy and future orientation. Timely and accurate disclosure of information. Clear and timely responses to queries. Events, advertisements and promotions. Engagement with media. Accessibility to corporate communications / investor relations. <p>Our Responses</p> <ul style="list-style-type: none"> Timely communication and dissemination of information to the media. Communicate market outlook and future orientation. Timely response to media queries. Organise press briefings and media interviews. Engage and nurture relationships with media organisations. Provide appropriate channels for media engagement and communication.

Vendors

Engagement Objective	Engagement Approach	Key Concerns
<ul style="list-style-type: none"> To engage with reputable and reliable vendors for supplies and services. To ensure fair, ethical and transparent procurement of supplies and services. To mitigate supply chain risks. 	<ul style="list-style-type: none"> ➔ As required <ul style="list-style-type: none"> Digital communication platforms. Tender briefings and interviews. Occupational health & safety briefings and updates. Contract negotiations. Vendor / supplier feedback surveys. ➔ Periodically <ul style="list-style-type: none"> Vendor evaluations and assessments. 	<ul style="list-style-type: none"> Smooth and efficient procurement processes. Fair and transparent procurement processes. Regular and clear communication between parties. Fair compensation for the scope of work and deliverables. Timely and reasonable payment schedules. Occupational health and safety. Regulatory and legal compliance. Contract extensions or cancellations. <p>Our Responses</p> <ul style="list-style-type: none"> Conduct fair and thorough vendor evaluations and assessments. Regularly engage and communicate with vendors. Offer competitive rates and contract terms. Adhere to strict deliverable timelines and payment schedules. Require vendors to comply with the Group's business ethics and sustainability policies. Provide equal opportunities for vendors. Support local vendors and employment through our supply chain.

SUSTAINABILITY STATEMENT

(continued)

Tenants

Engagement Objective	Engagement Approach	Key Concerns
<ul style="list-style-type: none"> To facilitate operational practices and the maintenance of properties. To further improve our spaces and services to drive tenant satisfaction. To listen and respond to queries and/or complaints. To build market and brand reputation. To nurture strong and lasting relationships with tenants. To communicate and support sustainability initiatives and awareness. 	<ul style="list-style-type: none"> ➔ Ongoing <ul style="list-style-type: none"> Digital communication platforms. Tenant feedback and enquiry channels. ➔ As required <ul style="list-style-type: none"> Collaborative / joint events. ➔ Annually <ul style="list-style-type: none"> Corporate meet and greet. 	<ul style="list-style-type: none"> High quality assets and amenities. Excellent operational service and standards. Safety and security of managed properties. Timely and appropriate responses to queries / issues. Fair and transparent lease / rental agreements. Good value for rental. Data privacy and security. Opportunities to collaborate. Upgrading the quality of assets and amenities through Asset Enhancement Initiatives (AEIs).
		Our Responses <ul style="list-style-type: none"> Regular and thorough maintenance of assets. Carry out infrastructure upgrades and AEIs to improve our assets. Deliver operational excellence. Enforce standard operating procedures for health and safety. Timely response to tenant queries / issues. Engage and communicate with tenants to gauge their satisfaction. Offer competitive rental rates and packages. Ensure compliance with all relevant data privacy and security laws. Notify tenants of possible service disruptions in advance. Craft engaging and enriching tenant experiences. Collaborate with tenants on ESG initiatives and activities.

* Chartwell ITAC International Sdn Bhd (the Property Manager) has engaged IGB Property Management Sdn Bhd (the Service Provider) to manage the people who oversee the day to day running of our properties.

SUSTAINABILITY STATEMENT

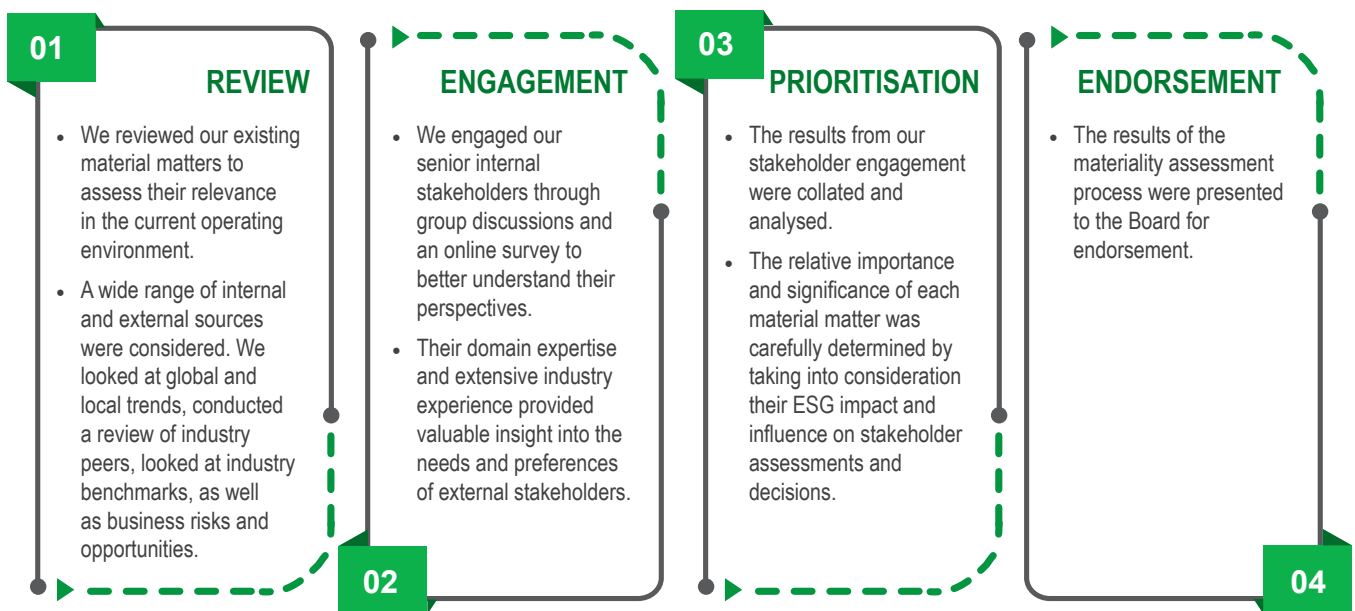
(continued)

MATERIAL MATTERS













It is important to us that our identified material matters remain relevant to our business. We therefore regularly engage our stakeholders, work to ensure that we are aligned with our industry peers at home and abroad, and keep up to date with the latest economic and sustainability developments across the region and the world.

This year, we conducted a comprehensive review of our material matters, drawing insights from industry benchmarks, sustainability standards, and stakeholder engagement. Through this exercise, we sought to refine our understanding of the issues that matter most to our stakeholders and the future of our industry. Following this review, we have updated our list of material matters, ensuring that our focus remains firmly on the issues that drive long-term value for all.

IGB COMMERCIAL REIT'S MATERIALITY ASSESSMENT PROCESS



MATERIAL MATTERS

HIGH	1		Health, Safety & Security	MEDIUM	8		Diversity, Equity & Inclusion
	2		Customer Satisfaction		9		Water Management
	3		Economic Performance		10		Community / Society
	4		Human Capital Management		11		Waste Management
	5		Data Privacy & Security		12		Supply Chain Management
	6		Corporate Governance				
	7		Climate Change				

Note:

1. Anti-Corruption is managed under "Corporate Governance".
2. Energy management and emissions management are collectively managed under "Climate Change".
3. Labour practices and standards are managed under "Human Capital Management" and "Diversity, Equity & Inclusion".

SUSTAINABILITY STATEMENT

(continued)

OUR FOCUS AREAS

As a subsidiary of IGB Berhad, IGBCR has adopted the IGB Group Sustainability Policy which was established in August 2023. The policy outlines the following strategies and how they align with our material matters.

SUSTAINABILITY STRATEGIES & FOCUS AREAS

	Ethics-Driven Performance	Safeguarding the Environment	Positive Community Impact	Responsible Supply Chain
MATERIAL MATTERS	Economic Performance	Climate Change	Diversity, Equity & Inclusion	
	Customer Satisfaction	Water Management	Human Capital Management	Supply Chain Management
	Data Privacy & Security	Waste Management	Health, Safety & Security	
	Corporate Governance		Community / Society	

We have identified the following United Nations Sustainable Development Goals that align with our sustainability strategies and focus areas.



We have also set the following sustainability targets:

MATERIAL MATTERS	TARGETS	2023 STATUS
Climate Change	➔ Reduction in Energy Usage Intensity (EUI) of 18% by 2030 using 2019 as a baseline.	➔ Average reduction of 14% from 2019 baselines.
Waste Management	➔ Diversion rate of 10% by 2030.	➔ Achieved a 5.5% waste diversion rate.
Data Privacy & Security	➔ Zero substantiated complaints concerning breaches of customer privacy and loss of customer data.	➔ Achieved zero substantiated complaints concerning breaches of customer privacy and loss of customer data.
Corporate Governance	➔ Zero confirmed incidents of corruption.	➔ Achieved zero confirmed incidents of corruption.
Health, Safety & Security	➔ Zero work-related fatalities.	➔ Achieved zero work related fatalities.
Diversity, Equity & Inclusion	➔ A minimum of 30% of positions within the Board of Directors to be represented by women.	➔ Women representation on the Board stands at 37.5%.
	➔ Zero substantiated complaints concerning human rights violations.	➔ Achieved zero substantiated complaints concerning human rights violations.

SUSTAINABILITY STATEMENT

(continued)

MANAGEMENT APPROACH TO MATERIAL MATTERS

Health, Safety & Security



Related UNSDGs:



Why this is important to us:

The health, safety and security of everyone who enters our buildings is a priority. It is important to us that our communities know that we take steps to continually review and enhance our health, safety and security policies and responses so that they come into our buildings feeling safe. This supports our engagement of existing tenants, helps in our engagement of potential tenants, and builds our reputation in the market. Incidents that negatively impact the health, safety and security of our communities also impact our reputation, and can lead to legal liabilities, and disrupt our business continuity.

Our approach:

Our Health & Safety Committee convenes quarterly to review all health and safety aspects within our buildings. All complaints and health and safety incidents undergo comprehensive investigation with our teams proactively working to ensure an appropriate resolution is found.

We believe that to adequately support health, safety and security within our buildings, we need to continually work to improve the policies and response guidelines we have in place. We therefore have dedicated teams who regularly review incidents both within Malaysia and abroad so that we can learn from them and work to enhance our policies and responses so that we are better positioned to mitigate risks and manage similar incidents should they occur. Regular safety audits, training sessions, and inspections are conducted to uphold compliance with the Occupational Safety and Health Act and manage safety risks within our assets. Annual fire drills are executed to familiarise all employees and tenants with evacuation procedures in emergencies.

On the ground, we also continue to safeguard the well-being of our communities through the regular sanitisation of common areas, the use of ultraviolet (UV) disinfection and air purification, as well as the application of antimicrobial treatments.

We also take every precaution to ensure that our communities are safe. We continue to work closely with local enforcement agencies to keep updated on potential threats and provide ongoing training to our security teams so that they are equipped to effectively address any safety concerns that may arise. Standardised security features including monitoring systems, physical controls, emergency plans, and administrative protocols, are also uniformly implemented across all buildings.

Our performance:

Health and safety training

	2023
■ Number of employees trained on health and safety standards	120

Work-related fatalities and lost-time injuries

During the year, we achieved zero work related fatalities and lost-time injuries.

	2023	2022	2021
■ Work-related fatalities	-	-	-
■ Lost-time injuries	-	-	-
■ Lost-time injury rate	-	-	-

* Figures for those years were not tracked

* All references to employees are in relation to the employees of the Manager and Service Provider

SUSTAINABILITY STATEMENT

(continued)

Customer Satisfaction



Related UNSDGs:



Why this is important to us:

We are committed to working in partnership with our tenants and believe that cultivating positive relationships support mutually beneficial outcomes and builds loyalty. Our commitment to active engagement distinguishes us in the market and helps support tenant retention. It also contributes to our overall brand reputation, helping to attract new tenants and investors.

Our approach:

We are committed to enhancing our tenant experience through:

- ➔ Prioritising building health and safety guidelines and procedures.
- ➔ Regular engagement with tenants, which includes sending out annual tenant satisfaction surveys to identify tenants' needs, issues faced and ways we can improve our offerings, amongst others.
- ➔ Enhancing operational efficiencies to minimise disruption to tenant operations.
- ➔ Collaboration with tenants as a value-added service to their tenancies with us.
- ➔ Marketing newsletters and networking events for tenants to build their business across our properties.

Our performance:

Our commitment to providing a safe, comfortable and collaborative experience for our tenants has yielded good results in our 2023 tenant satisfaction survey. From a total of 1,359 responses by tenant employees, we achieved an average score of **8.2** out of **10**.

	2023
■ Tenant satisfaction survey.	8.2

SUSTAINABILITY STATEMENT

(continued)

Economic Performance



Related UNSDGs:



Why this is important to us:

IGBCR's financial success not only reflects the strength of our business, but our ability to create sustainable value in the long term. Our continued success means that we are able to create jobs, support our tenant's businesses, contribute to the economic development of local communities, and invest in sustainable practices.

Our approach:

IGBCR's approach to economic performance centres around delivering sustainable recurring income in line with our value creation model through the following strategies:

- ➔ Active asset management to optimise rental and occupancy rates for our properties alongside proactive risk management.
- ➔ Asset enhancement to future-proof our properties to stay ahead of evolving trends, as well as to meet tenant demands.
- ➔ Prioritising tenant experience through the provision of value-added services such as the organisation of networking events and activities, including tenant collaborations.
- ➔ Building operational excellence to maintain a high level of efficiency and effectiveness, keeping costs manageable and limiting disruptions.

Our performance:

This year, we achieved a total revenue of RM215.15 million and net property income of RM127.8 million. We have also contributed to the wealth of our stakeholders.

	2023 RM'000	2022 RM'000	2021 RM'000 <small>From 31.03.2021 (date of establishment)</small>
Economic Value Generated:			
➔ Total revenue	215,147	190,433	53,367
➔ Interest income	3,204	2,159	235
Economic Value Distributed:			
➔ Operating costs	88,068	77,316	17,756
➔ Manager's management fees	16,246	15,484	4,669
➔ Trustee's fees	465	464	135
➔ Finance costs	46,108	36,259	9,531
➔ Distribution to unitholders	82,563	79,607	26,483
Economic Value Retained*	(15,099)	(16,538)	(4,972)

* Mainly comprises unrealised income / loss and distribution adjustments.

SUSTAINABILITY STATEMENT

(continued)

Human Capital Management



Related UNSDGs:



Why this is important to us:

Our people are our most valuable asset and are critical to our continued success. As such, human capital management is a key pillar of our growth and determines our ability to navigate a dynamic industry and adapt to unforeseen challenges. Our unwavering commitment to recruitment, retention and talent development ensures a competitive and future-proof workforce, safeguarding long-term organisational sustainability.

Our approach:

The Service Provider continues to adhere to all local labour and employment regulations in their management of all employees. They seek to cultivate a positive and healthy work environment that is open and supports continued growth and development for employees across all functions. In doing so, they are guided by the following focus areas.

Continuous Learning to Support Growth and Development

Employee skillsets are regularly assessed to determine any gaps that may be affecting their ability to perform in their current role and achieve their career development goals. In line with this, the Service Provider provides the following to all employees:

- ➔ Access to regular internal and external training courses and workshops.
- ➔ A tuition reimbursement scheme as well as scholarship programmes for employees pursuing long-term certifications.

Competitive and Attractive Compensation

The Service Provider works hard to ensure that employment packages are competitive by benchmarking policies and strategies against our competitors. Annual year-end performance appraisals are conducted and employees whose performance has been exceptional and whose values embody those of the organisation are recognised through additional bonuses, salary increments and promotions.

Employees are provided with a comprehensive benefits package which includes:

- ➔ Leave in the form of annual leave, unpaid leave, marriage leave, maternity and paternity leave, compassionate leave, study and examination leave, as well as sick / hospitalisation leave.
- ➔ Health benefits in the form of medical outpatient coverage, medical specialist treatment, dental benefits, health check-ups, Group Hospitalisation & Surgical Insurance and Group Personal Accident Insurance schemes.
- ➔ Flexible working arrangements subject to reasonable requests.
- ➔ Other benefits such as the provision of a general allowance, petrol card, business travel claims, mobile phone subsidies, professional body membership subsidies, parking facilities, etc.

Effective recruitment and retention of talent

The Service Provider utilises a variety of platforms to recruit talent including employment websites, agencies, executive search consultants, and employee referrals. Candidates are rigorously vetted by both human capital teams and hiring managers, with final approval received from Business Unit Heads. This process ensures merit-based selections that align with role requirements and a cultural fit, fostering a diverse and high performing talent pool. New hires enrol in a formal onboarding programme to familiarise themselves with the organisation. A probationary period is also required to allow both the new hire and the business unit an opportunity to assess the fit. This period also provides time for the new hire to learn what is required on the job and adjust to the new work environment. This process allows for a better chance of achieving a successful long-term employment relationship.

Recognising individual growth and fostering talent development, the Service Provider also offers internal mobility opportunities through transfers or relocations where opportunities that align with employee skillsets become available. This not only empowers employees but also strengthens internal talent pipelines.

Cultivating Connections through Employee Engagement

Building on two-way conversations, the Service Provider conducted an employee engagement survey during the year. This explored employee insights on their roles, career aspirations, team engagement, and the value of engagement initiatives. Equipped with insights from the survey,

* All references to employees are in relation to the employees of the Manager and Service Provider

SUSTAINABILITY STATEMENT

(continued)

the Service Provider undertook efforts to organise more diverse employee engagement initiatives and develop an internal training programme leveraging cross-departmental expertise.

Employee engagement initiatives carried out in the year include:

- ➔ Quarterly employee newsletters.
- ➔ IGBCR Monthly Birthday Bash for employees.
- ➔ Health month including events like health talks and health screenings.
- ➔ Financial literacy talks by financial institutions.
- ➔ Employee-led activities including fitness events, rowing, and carrying out volunteer work at Zoo Negara.
- ➔ Festive celebrations.
- ➔ Games and sports tournaments e.g. Chess, Darts, Futsal, Badminton, Bowling, etc.
- ➔ First employee sports day held at IGB International School.



IGBCR's first sports day held at IGB International School.

Our performance:

This year, the Service Provider invested a total of 4,974 internal and external training hours across all employee categories.

Employee Category	Total hours of training (2023)	Average training hours per employee (2023)
■ Senior Management	149	49.7
■ Managers & Senior Managers	551	23.0
■ Senior Executives & Assistant Managers	831	25.2
■ Executives	1,236	27.5
■ Non-Executives	2,207	16.7
Total	4,974	21.0

Employee turnover for 2023 was **14.3%**.

Employee Category	Total number of employee turnover (2023)	Turnover rate (2023)
■ Senior Management	1	33.3%
■ Managers & Senior Managers	6	25.0%
■ Senior Executives & Assistant Managers	4	12.1%
■ Executives	11	24.4%
■ Non-Executives	12	9.1%
Total	34	14.3%

* All references to employees are in relation to the employees of the Manager and Service Provider

SUSTAINABILITY STATEMENT

(continued)

Data Privacy and Security



Related UNSDGs:



Why this is important to us:

We live in an era of rapid technological advances and digital transformation that affects every aspect of our lives. The digital age has empowered companies through the rapid access to information and data. The insights that this provides have allowed for greater personalisation of experiences, marketing and product development amongst others. The digital age has also brought with it new challenges as companies around the world struggle to keep up with increasingly sophisticated cyberthreats. We have therefore prioritised data protection through having strong data privacy and security practices, allowing us to not only prevent breaches but also lessen their impact thereby safeguarding information and intellectual property for all stakeholders.

Our approach:

As a subsidiary of IGB Berhad, IGBCR has adopted the following policies:

- ➔ IGB Group Cybersecurity Policy.
- ➔ IGB Group IT Acceptable Use Policy.
- ➔ IGB Group's Data Governance and Data Privacy Policies.

The IGB Group Cybersecurity Policy is aligned with the international standard ISO 27001:2013 and the Malaysian standard MS ISO/IEC 27002:2013. This forms the basis of our approach towards cybersecurity, asset management, communications and operations, access control, systems acquisition and development, and incident management, amongst other things.

The IGB Group IT Acceptable Use Policy serves as a guideline for effective and positive use of IT and network facilities by employees. It also aids employees by promoting awareness and good practices which mitigate cybersecurity threats whilst shielding our organisation from potential liability.

Our data governance and data privacy policies serve as a framework for how we collect, store, manage and use the data we collect through our services and are aligned with the Personal Data Protection Act 2010 (PDPA). We therefore work hard to ensure that we collect data through lawful means, and that we are transparent about how data is gathered, used, and secured to ensure consistency and efficiency in our management of data.

As cyberthreats evolve, we will need to adjust our cybersecurity approach. Some of the measures we have implemented include:

- ➔ Cybersecurity Posture Assessments.
- ➔ Privilege Access Management software for our key systems.
- ➔ Endpoint protection with data loss prevention.
- ➔ Web application firewalls.
- ➔ Log management systems.
- ➔ Disaster recovery cold-sites with regular backup of key data.
- ➔ Partitioned networks for key systems and closed-circuit televisions and cameras (CCTV).
- ➔ Regular cybersecurity education for employees through an in-house learning platform and email communications on cyber threats and best practices.
- ➔ Internal social engineering exercises to create awareness among employees.

In 2023, we embarked on a substantial upgrade of our key financial enterprise resource planning (ERP) software which allows us to not only maximise our resources but also ensure that our system and applications are readily available with limited downtime, improving our organisation's defences.

Our performance:

As of 31st December 2023, there were **zero** substantiated complaints concerning breaches in customer privacy or data loss.

2023

- Number of substantiated complaints concerning breaches in customer privacy and losses of customer data. -

* All references to employees are in relation to the employees of the Manager and Service Provider

SUSTAINABILITY STATEMENT

(continued)



Corporate Governance

Related UNSDGs:



Why this is important to us:

We firmly believe that strong corporate governance forms the bedrock of long-term success. Governance fosters effective and prudent management by setting clear expectations, promoting transparency, and ensuring accountability. These attributes are essential for navigating the complex challenges of today’s business environment, particularly those related to sustainability. By embedding good governance principles into our operations, we empower our Board and leadership to make responsible decisions that benefit not only our business but also society and the environment as a whole.

Our approach:

We strive to maintain and uphold the highest standards of corporate conduct through a proactive approach that adopts the following:

- ➔ Directors Code of Business Conduct and Ethics with core concepts of conducting business that is premised on transparency, integrity and accountability.
- ➔ IGB Group’s Anti-Bribery and Corruption (ABAC) Policy which is wholly aligned with the Malaysian Anti-Corruption Commission Act 2009.
- ➔ IGB Group’s Whistleblowing Policy and Procedures which provides a framework that allows employees and stakeholders to disclose or report serious or illegal acts in relation to our business activities in a safe and secure manner. The framework also sets out procedures for investigations into all disclosures or reports received.

IGBCR further adopts a zero-tolerance approach towards any and all forms of bribery and corruption. Any employee found to have violated the ABAC Policy, or who has been found to be involved in other stipulated acts of bribery and corruption, shall be subject to strict disciplinary procedures which may result in permanent work termination alongside other required legal proceedings. Tenancy agreements involving IGBCR include a clause that tenants must observe and comply with the provisions of the Malaysian Anti-Corruption Act 2009.

As part of the Service Provider’s onboarding process, an introduction to the ABAC Policy together with a training module is provided to all new employees.

For a full view of our governance efforts, please refer to the Corporate Governance Overview Statement of this report.

Our performance:

Corruption risk assessment

This year we have undertaken a corruption risk assessment that covers all of our operations.

2023

■ Percentage of operations that underwent corruption risk assessments	100%
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Corruption-related training

This year, 77% of employees have completed corruption-related training. The remaining employees will receive similar training in 2024.

Employee Category	Completion rate (%) 2023
■ Senior Management	100%
■ Managers & Senior Managers	79%
■ Senior Executives & Assistant Managers	84%
■ Executives	80%
■ Non-Executives	70%
Total	77%

Corruption incidents

There were zero incidents of corruption in 2023.

2023

■ Incidents of corruption	-
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* All references to employees are in relation to the employees of the Manager and Service Provider

SUSTAINABILITY STATEMENT

(continued)



Related UNSDGs:



Why this is important to us:

The need to address climate change is urgent. The impact that it has on our planet, our way of life, and the way in which we operate our businesses is irreversible and growing in significance. As a responsible corporate citizen, we need to do our part to help mitigate the repercussions of climate change, aligning our business with evolving society expectations for environmental stewardship. By doing so, we are building resilience against regulatory shifts and market demands and securing our long-term continuity as a business.

Our approach:

In 2023, IGBCR continued to monitor and track energy consumption across the buildings in our portfolio. As part of our energy management strategy, we continued to find ways to reduce our energy consumption while also increasing our efficiency. We continue to upgrade equipment and fittings with more efficient versions for example and conduct energy audits to identify inefficiencies and potential areas for improvement.

In 2023, we undertook the following initiatives to improve our energy use:

Key Initiatives	Description
Chiller Replacement for GTower	<ul style="list-style-type: none"> Replaced one of our chillers for off-peak usage which will lead to improvements in energy efficiency.
Installation of Variable Speed Drive (VSD) for Cooling Towers for Menara Tan & Tan	<ul style="list-style-type: none"> Installation of a VSD in the pumping and cooling tower located in the chiller plant room. This will further reduce energy consumption.
Heat Exchanger Servicing for Gardens South Tower	<ul style="list-style-type: none"> Heat Exchangers were serviced to maintain optimal cooling performance.

In 2021, a chiller replacement project was undertaken at Menara Tan & Tan. This led to an energy reduction of up to 40%. Following this, we underwent a voluntary Sustainable Energy Low Carbon Building Assessment Green Pass by the Sustainable Energy Development Authority (SEDA) to validate our conservation efforts. We are proud to share that as a result of this, we received a Greenpass Operation certification in 2023, securing 3 out of 5 diamonds. This translates to a substantial 41.38% reduction equivalent to 969.8 tonnes of CO₂ annually.

We believe that this certification not only reflects our ongoing commitment to improving our energy use but also our commitment to ensuring the legitimacy and impact of our efforts through proactive engagement with reputable organisations that are able to carry out necessary assessments.

IGBCR recognises the benefits of green buildings and diligently monitors and reviews the green certification of existing buildings (Southpoint Offices & Retail (GBI Silver) and GTower (GreenRE Gold)) across our portfolios. We will also carry out gap analyses on two buildings located in Mid Valley City with the aim of putting through AEl's that will allow us to obtain green certifications for The Gardens North and South Towers. We hope to continue to carry out such gap analyses going forward and work to upgrade our buildings, reducing our carbon footprint and further entrenching sustainable practices across our operations.

Management of the emission of greenhouse gases (GHG) is a core component of addressing climate change. It is a crucial ESG concern for IGBCR and one that we have taken steps to improve. In 2023, we started tracking and monitoring carbon emissions generated by our business operations. We currently track:

- ➔ **Scope 1** emissions which primarily arise from fuel combustion and fugitive emissions.
- ➔ **Scope 2** emissions which include purchased electricity.
- ➔ **Scope 3** emissions, which includes employee commute, business travel, waste generated in operations, and downstream leased assets.

We actively support the nation's goal of achieving carbon neutrality by 2050 and will be looking into developing net-zero plans in 2024, setting targets to curtail carbon emissions. As we prioritise sustainability, stakeholder engagement will be crucial as we work towards reducing carbon emissions.

* All references to employees are in relation to the employees of the Manager and Service Provider

SUSTAINABILITY STATEMENT

(continued)

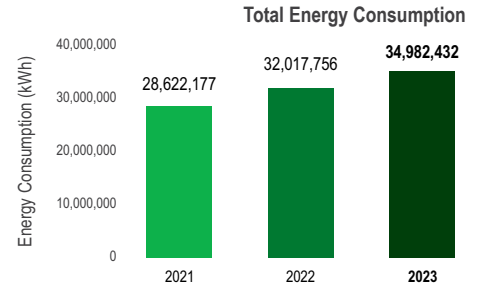
Our Performance:

Energy consumption

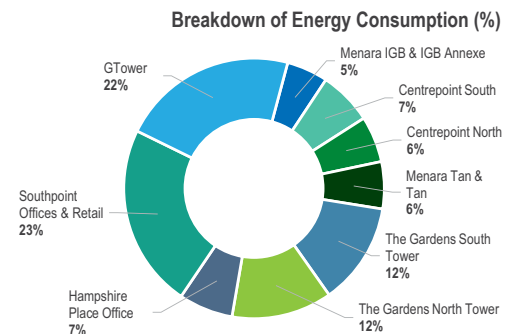
In 2023, overall electricity consumption has increased. This is attributed to an overall increase in occupancy of our buildings as occupancy rates have risen and more tenants have returned to physically working in the office.

By buildings	2023 (kWh)	2022 (kWh)	2021 (kWh)
■ Menara IGB & IGB Annexe	1,796,843	1,847,908	1,540,534
■ Centrepoint South	2,329,856	2,200,177	1,856,479
■ Centrepoint North	2,011,288	1,919,912	1,532,014
■ Menara Tan & Tan	2,058,269	2,024,065	2,502,098
■ The Gardens South Tower	4,417,825	4,449,939	3,848,233
■ The Gardens North Tower	4,350,272	4,072,444	3,348,478
■ Hampshire Place Office	2,362,408	2,031,128	2,119,267
■ Southpoint Offices & Retail	7,964,007	6,902,479	5,418,253
■ GTower	7,691,664	6,569,705	6,456,821
Total	34,982,432	32,017,756	28,622,177

*2021 and 2022 data restated for accuracy

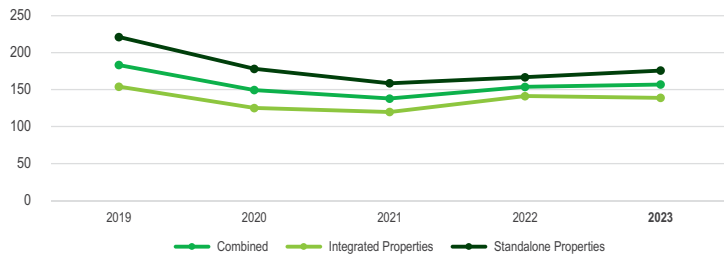


*2021 and 2022 data restated for accuracy.



In 2023, we began tracking the full efficiency of our assets by understanding our buildings' Energy Usage Intensity (EUI) (kWh/m²/year). We have set a target of reducing EUI (kWh/m²/year) by 18% by 2030 from our 2019 baselines.

EUI (kWh/m²/yr)



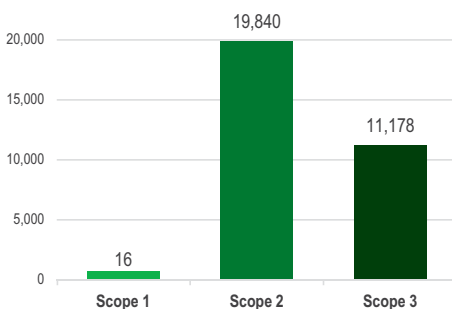
Note:

- **Integrated Properties:** Menara IGB & IGB Annexe, Centrepoint South, Centrepoint North, The Gardens South Tower, The Gardens North Tower.
- **Standalone Properties:** Menara Tann & Tan, Hampshire Place Office, Southpoint Offices & Retail, GTower.

The increased energy consumption and EUI in 2023 is reflective of the increased footfall within our buildings as the economy returned to pre-Covid levels. However, EUI still remained lower than our 2019 baselines.

Carbon Emission

2023 Carbon Emissions (tCO₂e)



Note:

1. Our calculation methodology is based on the GHG Protocol Corporate Accounting and Reporting Standard using the operational control consolidation approach.
2. Scope 1 and Scope 3 emission factors are sourced from the GHG Conversion Factors for Company Reporting version 1.1 (2023), published by the UK Department for Environment, Food & Rural Affairs (DEFRA)
3. Scope 2 emission factors for electricity grids in Peninsular Malaysia, Sabah and Sarawak are sourced from the 2017 CDM Electricity Baseline for Malaysia published by Malaysian Green Technology and Climate Change Corporation (MGTC).

SUSTAINABILITY STATEMENT

(continued)



Related UNSDGs:



Why this is important to us:

At IGBCR, we firmly believe that fostering a diverse, equitable, and inclusive workplace is not just the right thing to do, but also crucial for our long-term success. By growing a diverse workforce, we are able to tap into a wide range of talents and perspectives, and unlock a wealth of knowledge, experience, and ideas. These then fuel innovation, drive creativity, and strengthen our decision-making.

Ensuring fairness and equity in all aspects of our operations is important in promoting an open, transparent and tight-knit culture. It is important that we provide equal opportunities for our people to grow and thrive, regardless of who they are.

Our approach:

Guided by the IGB Group Sustainability Policy, IGBCR is committed to the following:

- ➔ Being an equal opportunity employer, which extends to the Service Provider.
- ➔ Ensuring no form of discrimination against our employees on the basis of age, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, and other characteristics that make our employees unique.
- ➔ Operating in full compliance with applicable wage, work hours, overtime and benefits laws.
- ➔ Zero tolerance of any form of harassment and abuse including physical, sexual, psychological or verbal.
- ➔ Ensuring that no children are employed directly by the Service Provider or our contractors.
- ➔ Ensuring that all our operations are free of forced labour, human trafficking and modern slavery.

- ➔ Recognising and respecting the legal and customary rights of local communities and indigenous people, as well as the need to protect the basic human rights of marginalised groups, including refugees.

These commitments are also enshrined in the Service Provider’s Professional Code of Conduct and Business Ethics which applies to all employees.

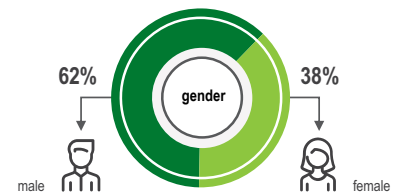
Our commitment towards diversity, equity and inclusion in the workplace is also evidenced by gender representation on our Board and in leadership roles. Today women make up 37.5% of our Board of Directors, and moving forward, we will work towards maintaining a minimum of 30%.

Our properties are also designed to be accessible to people with disabilities, with ramps available at our building entrances and accessible parking for the handicapped.

Our performance:

Board diversity

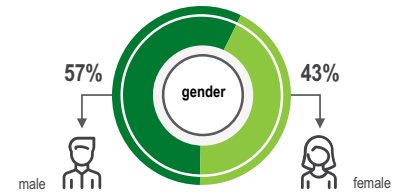
Age	% 2023
■ 30-50	25%
■ above 50	75%



Workforce diversity

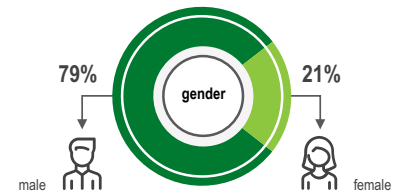
Executives and Senior Management

Age	% 2023
■ below 30	15%
■ 30 - 40	26%
■ 40 - 50	39%
■ above 50	20%



Non-Executives

Age	% 2023
■ below 30	27%
■ 30 - 40	27%
■ 40 - 50	27%
■ above 50	19%



Employee Composition

	% (2023)
Total employees of the Manager and Service Provider of 237 in 2023.	
■ Permanent	99.2%
■ Contractors or temporary staff	0.8%

Human Rights Violations

	% (2023)
■ Number of substantiated complaints concerning human rights violations.	-

* All references to employees are in relation to the employees of the Manager and Service Provider

SUSTAINABILITY STATEMENT

(continued)



Related UNSDGs:



Why this is important to us:

Various factors, including climate change, are exacerbating water scarcity around the world. Effective management of this invaluable resource has become critical for businesses striving for sustainable growth. Effective water management strategies can help companies optimise their water usage, reduce operational costs, and enhance overall efficiency. Additionally, effective water management practices enable companies to build resilience in the face of climate change and other operational uncertainties and work to mitigate risks posed by water scarcity. By working to conserve this vital resource, we hope to foster environmental stewardship, fortify our operational resilience, and secure our long-term sustainability.

Our approach:

Guided by the IGB Group Sustainability Policy, IGBCR is committed to adopting a practical approach to water management. We seek to improve water efficiency and promote water conservation within our business.

We have put in place robust measures to bolster water security across our buildings to mitigate water-related risks which may cause disruptions to our operations. Such disruptions can impact tenant satisfaction and the long-term sustainability of our business. Through the years, we have undertaken initiatives to support effective water management. Some notable initiatives are set out below.

- ➔ Usage of water efficient fittings and flushing systems to reduce water usage.
- ➔ Review of piping to reduce leakages throughout our water system networks;
- ➔ Installation of water harvesting systems to harvest rainfall.

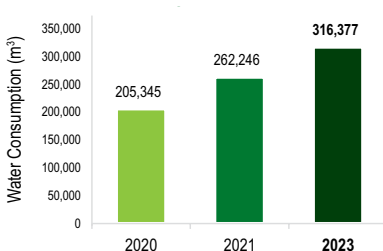
Our current water storage systems are able to sustain our integrated and standalone building operations for an average of 1.6 and 2.7 days respectively in the event of a disruption in supply from the municipal water provider.

Looking ahead, we remain focused on finding new approaches to reduce our overall water usage. We will continue to implement more efficient water management fixtures and infrastructure and monitor our water consumption, ensuring that all instances of notable increases in usage are thoroughly investigated.

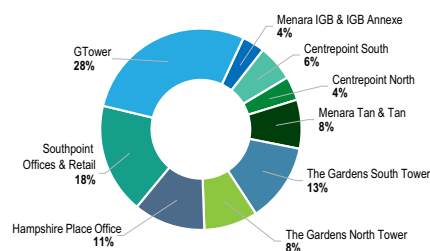
Our performance:

By buildings	2023 (m ³)	2022 (m ³)	2021 (m ³)
■ Menara IGB & IGB Annexe	11,510	8,606	5,984
■ Centrepoint South	18,468	13,781	8,504
■ Centrepoint North	12,111	9,802	6,343
■ Menara Tan & Tan	24,855	17,071	18,930
■ The Gardens South Tower	40,140	32,657	28,162
■ The Gardens North Tower	27,308	22,077	18,450
■ Hampshire Place Office	36,495	23,404	14,080
■ Southpoint Offices & Retail	56,333	50,814	38,472
■ GTower	89,157	84,034	66,420
Total	316,377	262,246	205,345

Total Water Consumption

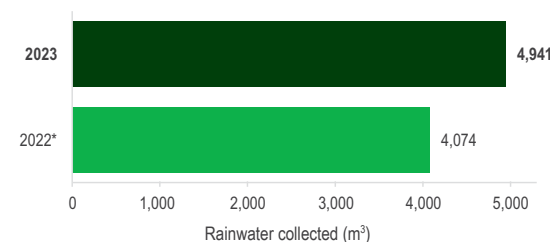


Breakdown of Water Consumption (%)



2023 saw an increase in water consumption. This was due to an increase in the occupancy rates within our buildings as well as an increase in the number of tenants returning to work in the office.

Annual Rainwater Collection (m3)



* 2022 data restated for accuracy

Rainwater collected in the year by our rainwater harvesting systems achieved 1.5% of savings in total water consumed in 2023.

SUSTAINABILITY STATEMENT

(continued)

Community and Society



Related UNSDGs:



Why this is important to us:

IGBCR is committed to building community as we believe that by doing so, we can collectively work towards outcomes that are beneficial to all. By working to understand the needs of our local communities, we are able to contribute to strengthening them, which then creates opportunities for growth. Through this, we can continue to support one another, and cultivate a symbiotic relationship that positively impacts the community and supports a sustainable future for all.

Our approach:

We engage and support our local communities and charitable organisations through the following:

- ➔ Direct contributions by IGBCR in the form of monetary and non-monetary donations, rental fee waivers and employee volunteerism.
- ➔ Collaborations with our tenants to promote local communities and charitable organisations.

This approach allows us to integrate community support into our business strategies thereby creating long-lasting relationships.

Our Performance:

In 2023, we reached out to six organisations to provide necessities and support. Our teams visited these organisations and organised a clothes donation drive in partnership with Peak Fitness. Clothes collected were donated to these six homes. We also organised various other activities, including blood donation drives across several of our buildings and a fitness event for fitness enthusiasts in our community.

This year our direct contributions amounted to RM14,644 impacting 392 beneficiaries.

	2023	2022
■ Total amount invested in the community where the target beneficiaries are external to the listed issuer (RM)	14,644	4,500
■ Total number of beneficiaries of the investment in communities	392	250

Key initiatives carried out in 2023 include:

IGBCR x Peak Fitness Day of Service

Beneficiaries: 37

Contribution: -



On 7 September 2023, in collaboration with Peak Fitness, a tenant at GTower, we organised a fitness event which sought to encourage our community to enhance their quality of life through being physically active. Attendees had the opportunity to participate in a range of activities including:

- ➔ Express Sports Massages
- ➔ Exclusive Shockwave Therapy
- ➔ Water Safety Program

* All references to employees are in relation to the employees of the Manager and Service Provider

SUSTAINABILITY STATEMENT

(continued)

Blood Donation Drives

Beneficiaries: a total of 395 bags of blood were collected.

Contribution: RM4,500 in rental waivers and RM5,100 in provisions.

The following blood donation drives were held in 2023:



GTower: Subsea 7 and Capgemini Malaysia

➔ On 15 March 2023, in collaboration with Subsea 7 and Capgemini Malaysia, a blood donation drive was held at GTower. The event saw the collection of 83 bags of blood.



iHeal Medical Centre and BHP Billiton

➔ From 19 to 21 September 2023, in collaboration with iHeal Medical Centre and BHP Billiton, a blood donation drive was held at Menara IGB. The event saw the collection of 222 bags of blood.



Baker Hughes

➔ On 15 November 2023, in collaboration with Baker Hughes and the Pusat Darah Negara team consisting of doctors and nurses, a blood donation drive was held at Menara Tan & Tan. The event saw the collection of 90 bags of blood.

Clothes Donation Drive

Beneficiaries: 354

Contribution: RM5,044 in goods and provisions.

Alongside the IGBCR x Peak Fitness Day of Service, a clothes donation drive was held from 7 to 14 September 2023. The drive sought to collect gently used or new clothing which would be donated to communities in need. The donation drive saw 1,022 pieces of clothing donated. The clothing items were distributed to:



- ➔ Dual Blessing Bhd, which caters to persons with disabilities and former drug addicts.
- ➔ Beautiful Gate Foundation, which caters to persons with disabilities.
- ➔ IQ70plus, which takes care of and trains mentally challenged children and adults.
- ➔ Ti-Ratana, which runs homes for child orphans and underprivileged children.
- ➔ Rumah Charis, which runs homes for child orphans and underprivileged children.
- ➔ Rumah Kasih, a charity home for Malaysia's forgotten senior citizens and government hospital patients.

In addition to the clothes donated, IGBCR contributed RM5,200 through the provision of groceries and daily consumables.

SUSTAINABILITY STATEMENT

(continued)



Waste Management

Related UNSDGs:



Why this is important to us:

Human beings continue to create increasing amounts of waste each year, contributing to the worsening of the climate crisis, negatively impacting the wildlife population, as well as public health. Sustainable waste management practices have become critical for businesses. Implementing proper waste management strategies not only helps reduce your impact on the environment, it can also help businesses reduce costs, improve operational efficiency, bolster reputation in an environment where companies and consumers alike are increasingly valuing sustainable practices, and pave the way for long-term environmental sustainability.

Our approach:

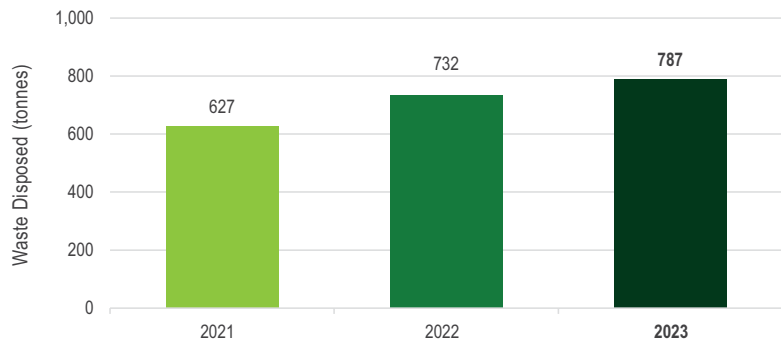
Our actions are guided by the Group’s Sustainability Policy in managing our waste in accordance with applicable regulatory requirements and other commitments made by the Group. We are committed to reduce, reuse, recycle or dispose of waste in an environmentally responsible way.

Some of our key initiatives currently implemented at our buildings include:

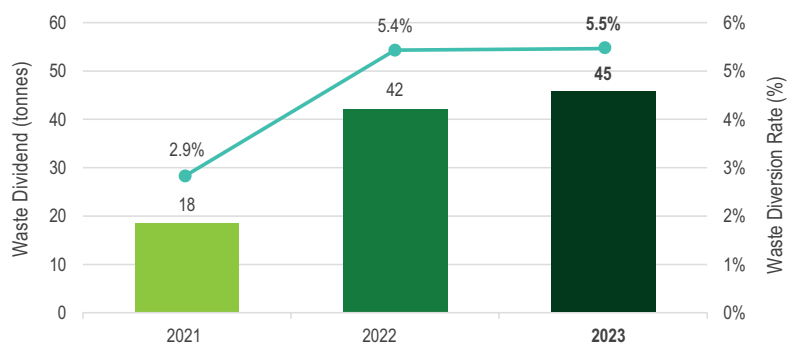
- ➔ Recycling and e-waste bins are provisioned in each building, ensuring proper recycling and preventing toxic materials from contaminating landfills.
- ➔ Educating tenants on the importance of the segregation of recyclable and non-recyclable waste at the source to increase the efficiency of our waste diversion efforts.

Our performance:

Total Waste Disposed



Total Waste Diverted



Similar to energy and water consumption, the total amount of waste disposed increased in 2023 as a result of higher occupancies in our properties and the return of tenants to the office. The proportion of waste diverted improved marginally from the previous year from ongoing waste recycling initiatives.

SUSTAINABILITY STATEMENT

(continued)



Supply Chain Management

Related UNSDGs:



Why this is important to us:

At IGBCR, we view the supply chain as a strategic asset, not just a logistical necessity. Proper supply chain management supports operational efficiency, ensures cost-effectiveness, and mitigates potential risks. We prioritise building resilient partnerships with local businesses, not only for economic benefit but also to minimise our environmental footprint and support the communities in which we operate. Just as importantly, our commitment to good corporate governance extends to our suppliers, with strict adherence to regulatory requirements.

Our approach:

In ensuring a fair and transparent procurement practice, our procurement processes adhere to an open and accountable system as follows:

1. Supplier registration and pre-qualification eligibility.
2. Supplier pricing and competencies evaluation.
3. Contract tender and award.
4. Annual performance review (or at end-of-project/contract).

In ensuring responsible business practices across our supply chains, our suppliers are required to adhere to all laws and regulations. These include those relating to health and safety, environmental control, human resource management, corruption, money-laundering, and human rights, amongst others.

In 2023, we introduced an ESG questionnaire for all new registrants and existing suppliers with the intention to include this into our supplier pre-qualification and evaluations.

Our performance:

In 2023, **99.98%** of our supplier procurement was spent on local suppliers, reinforcing our commitment to positively contributing to the local community.

	2023
■ Proportion of spending on local suppliers.	99.98%

SUSTAINABILITY STATEMENT

(continued)

2023 Performance Data Table for IGB Commercial REIT

Indicator	Measurement Unit	2021	2022	2023
Health, Safety & Security				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	-	-	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	-	120
Customer Satisfaction				
Tenant Satisfaction Survey	Score	-	-	8.2
Economic Performance				
Economic Value Generated	MYR	53,602,000	192,592,000	218,351,000
Economic Value Distributed	MYR	58,574,000	208,989,000	233,450,000
Human Capital Management				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	-	-	149
Managers & Senior Managers	Hours	-	-	551
Senior Executives & Assistant Managers	Hours	-	-	831
Executives	Hours	-	-	1,236
Non-Executives	Hours	-	-	2,207
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	-	-	1
Managers & Senior Managers	Number	-	-	6
Senior Executives & Assistant Managers	Number	-	-	4
Executives	Number	-	-	11
Non-Executives	Number	-	-	12
Data Privacy & Security				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	-	-	0
Corporate Governance				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	-	-	100.00
Managers & Senior Managers	Percentage	-	-	79.00
Senior Executives & Assistant Managers	Percentage	-	-	94.00
Executives	Percentage	-	-	80.00
Non-Executives	Percentage	-	-	70.00

Internal assurance External assurance No assurance (*)Restated

SUSTAINABILITY STATEMENT

(continued)

Indicator	Measurement Unit	2021	2022	2023
Corporate Governance				
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	-	-	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	-	-	0
Climate Change				
Bursa C4(a) Total energy consumption	Megawatt ¹	28,622.18	32,017.76	34,982.43
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	-	16.00
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	-	19,840.00
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	11,178.00
Diversity, Equity & Inclusion				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Executives and Senior Management Below 30	Percentage	-	-	15.00
Executives and Senior Management 30 - 40	Percentage	-	-	26.00
Executives and Senior Management 40 - 50	Percentage	-	-	39.00
Executives and Senior Management Above 50	Percentage	-	-	20.00
Non-Executives Below 30	Percentage	-	-	27.00
Non-Executives 30 - 40	Percentage	-	-	27.00
Non-Executives 40 - 50	Percentage	-	-	27.00
Non-Executives Above 50	Percentage	-	-	19.00
Gender Group by Employee Category				
Executives and Senior Management Male	Percentage	-	-	57.00
Executives and Senior Management Female	Percentage	-	-	43.00
Non-Executives Male	Percentage	-	-	79.00
Non-Executives Female	Percentage	-	-	21.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	-	-	62.50
Female	Percentage	-	-	37.50
30 - 50	Percentage	-	-	25.00
Above 50	Percentage	-	-	75.00
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	-	0.80
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	-	-	0

Internal assurance External assurance No assurance (*)Restated

SUSTAINABILITY STATEMENT

(continued)

Indicator	Measurement Unit	2021	2022	2023
Water Management				
Bursa C9(a) Total volume of water used	Megalitres	205.345000	262.246000	316.377000
Community / Society				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	-	4,500.00	14,644.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	250	392
Waste Management				
Bursa C10(a) Total waste generated	Metric tonnes	645.50	774.10	832.80
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	18.40	42.00	45.50
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	627.10	732.10	787.30
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	-	-	99.81

¹ Megawatt-hours

Internal assurance External assurance No assurance (*)Restated

SUSTAINABILITY STATEMENT

(continued)

Statement of Assurance

Internal Review Assurance Statement to the Board of Directors (Board) of IGB REIT Management Sdn Bhd (the Manager)

The Audit Committee of the Manager has requested Group Internal Audit of IGB Berhad, being the outsourced internal audit function of IGB Commercial REIT (IGBCR), to perform an internal review on selected subject matters contained in the Sustainability Statement of the 2023 Annual Report (SS2023).

Scope of Work

The scope of the internal review was limited to selected subject matters (Subject Matter) presented in the SS2023 and did not include coverage of data sets nor information unrelated to the data and information underlying the Subject Matter and related disclosures; nor did it include information reported outside of the SS2023, comparisons against historical data, or management’s forward-looking statements.

The scope of work covered the data and information from the operations of:

- a) Menara IGB & IGB Annexe
- b) Centrepoint South
- c) Centrepoint North
- d) The Gardens South Tower
- e) The Gardens North Tower
- f) Southpoint Offices & Retail
- g) Menara Tan & Tan
- h) GTower
- i) Hampshire Place Office

Subject Matters

The subject matters covered by the internal review include the following indicators:

Material Matters	Subject Matter
Health, Safety & Security	<ul style="list-style-type: none"> • Number of work-related fatalities. • Lost time incident rate. • Number of employees trained on health and safety standards.
Customer Satisfaction	<ul style="list-style-type: none"> • Tenant satisfaction
Human Capital Management	<ul style="list-style-type: none"> • Total hours of training by employee category. • Total number of employee turnover by employee category.
Data Privacy & Security	<ul style="list-style-type: none"> • Number of substantiated complaints concerning breaches of customer privacy and losses of customer data.
Corporate Governance	<ul style="list-style-type: none"> • Percentage of employees who have received training on anti-corruption by employee category. • Percentage of operations assessed for corruption-related risks. • Confirmed incidents of corruption and action taken.
Climate Change	<ul style="list-style-type: none"> • Total energy consumption.
Diversity, Equity & Inclusion	<ul style="list-style-type: none"> • Percentage of employees by gender and age group, for each employee category. • Percentage of directors by gender and age group. • Percentage of employees that are contractors or temporary staff. • Number of substantiated complaints concerning human rights violations.
Water Management	<ul style="list-style-type: none"> • Total volume of water used.
Community / Society	<ul style="list-style-type: none"> • Total amount invested in the community where the target beneficiaries are external to the listed issuer. • Total number of beneficiaries of the investment in communities.
Supply Chain Management	<ul style="list-style-type: none"> • Proportion of spending on local suppliers.

SUSTAINABILITY STATEMENT

(continued)

In preparing the Subject Matter mentioned above, IGBCR applied the following criteria:

- Bursa Malaysia's Sustainability Reporting Guide.
- IGBCR's relevant policies and procedures.

Description of procedures performed

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Our procedures included:

- Gaining an understanding of IGBCR's business, internal processes, and approach to sustainability.
- Conducting interviews with key personnel and collating evidence to understand IGBCR's process for reporting of performance indicators.
- Conducting limited assurance procedures over the selected Subject Matter including:
 - » Undertaking analytical procedures to support the reasonableness of the data
 - » Checking that the calculation as per the methodologies for the Subject Matter has been applied consistently
 - » Identifying and testing assumptions supporting calculations
 - » Testing, on a sample basis, underlying source information to check accuracy of the data
 - » Performing recalculation of performance indicators using input data
 - » Checking that measurements made at the end of the reporting period are entered in the records and in the sustainability statement in a timely manner.

We also performed such other procedures as we considered necessary in the circumstances.

Other Matters

Information relating to prior reporting periods has not been subject to assurance procedures. Our limited review does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the SS2023. Our Statement of Assurance is limited to the subject matter disclosed in the SS2023 as approved by the Board. We do not accept responsibility for any subsequent changes to the Subject Matter and related disclosures.

Conclusion

Based on the procedures performed and the evidence obtained from the management of IGBCR, nothing has come to our attention that causes us to believe that the Subject Matter as presented in the SS2023 have not been prepared and presented fairly, in all material respects, in accordance with the defined Criteria.

Restriction of use

Our report is intended solely for the Board and should not be used by any other parties. We do not accept or assume liability to any party other than the Board, for our work, for this report or for the conclusion we have reached.

We agree to the publication of this assurance statement in the SS2023, provided it is clearly understood by the Unitholders that they enjoy such receipt for information only and that we accept no duty of care to them whatsoever in respect of this report.

Group Internal Audit

IGB Berhad

23 February 2024

PROFILE OF DIRECTORS



DATO' SERI ROBERT TAN CHUNG MENG

(Malaysian, male, age 71)

Chairman / Non-Independent Non-Executive Director ("NINED")

Date of Appointment	21 March 2012
Profile Summary	<p>On 1 January 2024, Dato' Seri Robert Tan Chung Meng ("DSRT") was made Non-Independent Non-Executive Chairman. In March 2012, when IGB REIT Management Sdn Bhd was incorporated, Dato' Seri Robert Tan was appointed Managing Director, a post in which he has served for 10 years before being redesignated to NINED between the period 1 January 2023 to 31 December 2023.</p> <p>Dato' Seri Robert Tan, who has been on the Board of IGB Berhad ("IGB") Group since 1995, was 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 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.</p> <p>With more than 30 years of operational and leadership experience as IGB's leader, DSRT 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 United Kingdom, 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 and The Gardens Mall (collectively, the 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.</p> <p>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.</p>
External Appointments	IGB IGBC Wasco Berhad (fka Wah Seong Corporation Berhad) ("Wasco") Yayasan Tan Kim Yeow



ELIZABETH TAN HUI NING

(Malaysian, female, age 40)

CEO / Non-Independent Executive Director ("NIED")

Date of Appointment	27 April 2012
Board Committee(s)	Commercial RMSC (Chair) Retail RMSC (Chair)
Profile Summary	<p>Elizabeth Tan Hui Ning ("ETHN"), a NIED, has been appointed as CEO on 2 January 2024. Prior to her appointment as CEO, she was Joint Deputy CEO ("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, and before that, 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.</p> <p>Elizabeth Tan has over 20 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, a wholly-owned subsidiary of IGB, in August 2004 as Head of Operations/Leasing, and in January 2011 as ED, then elected CEO, before relinquishing her position on 31 December 2023.</p> <p>Elizabeth Tan was appointed to the Board of IGB on 29 August 2022 as alternate director to Dato' Seri Robert Tan Chung Meng.</p> <p>Elizabeth Tan holds a Bachelor of Business Administration (First Class Honours) from Cardiff University, Wales, United Kingdom.</p>
External Appointments	IGB (Alternate Director to DSRT)

PROFILE OF DIRECTORS

(continued)



HALIM BIN HAJI DIN

(Malaysian, male, age 77)

Independent

Non-Executive Director (“INED”)

Date of Appointment	27 April 2012
Board Committee(s)	Audit Committee (Chairperson) Nomination and Remuneration Committees (Member)
Profile Summary	<p>Halim bin Haji Din is a Chartered Accountant who spent more than 30 years working for multinational corporations and international consulting firms.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>He is the fellow member of MICPA and Malaysian Institute of Accountants.</p>
External Appointments	Wasco



ROBERT ANG KIM PACK

(Malaysian, male, age 66)

INED

Date of Appointment	26 August 2020
Board Committee(s)	Remuneration Committee (Chairperson) Audit and Nomination Committees (Member)
Profile Summary	<p>Robert Ang is a registered estate agent. He joined Rahim & Co in 1982 and has extensive experience in the field. Robert was the MD of the Agency in Rahim & Co. for 30 years prior to retiring in 2019.</p> <p>Over his 38-year career, he has been key in developing the firm's business; working closely with and advising local public-listed companies, foreign governments, multinationals and high net worth individuals on all aspects of their property requirements. Over the last 15 years, Robert has also advised the 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, Robert has considerable experience in valuation and property management.</p> <p>Robert Ang graduated from the University of Waterloo (Canada) with a Bachelor's Degree in Mathematics.</p>
External Appointments	Nil

PROFILE OF DIRECTORS

(continued)



RAYMOND YEOH CHENG SEONG

(Malaysian, male, age 61)

INED

Date of Appointment	1 November 2023
Board Committee(s)	Audit, Remuneration and Nomination Committees (Member)
Profile Summary	<p>Raymond Yeoh began his career at Deloitte Haskins & Sells, London in 1984 as an Accountant prior to being employed as a Derivatives Research Analyst at Hoare Govett Securities Limited based in London and then in Singapore in the early 1990s. He then moved to become an Arbitrage Trader at Bankers Trust Company, Singapore and subsequently held the position of Vice-President/Joint Head of Asian Currency and Interest Rate Trading at Merrill Lynch International Bank Limited, Singapore before joining Banco Santander SA, Singapore as Head of Asian Markets Trading. After various other positions there, Mr. Yeoh then moved to Hong Kong to become Banco Santander's Regional Treasurer for Asia.</p> <p>Raymond Yeoh returned to Malaysia to join Hong Leong Bank Berhad as its Head of Treasury, Wealth Management and Intra Group Cross Selling prior to moving to ABN AMRO Bank Berhad, Malaysia as its Executive Director/Head of Global Markets/Financial Markets. His career continued with his appointment as the Head of Global Markets (Malaysia and Vietnam) and subsequently as the Country Chief Executive Officer of Deutsche Bank (Malaysia) Berhad and Principal Officer of its Labuan branch. Mr. Yeoh concluded his banking career with another 10 years at Bank of America Malaysia Berhad as Country Head and Chief Executive Officer and Principal Officer of its Labuan branch before finally retiring in October 2023.</p> <p>Raymond Yeoh completed his Bachelor of Art's degree in Economics and Social Studies at the University of Manchester, United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Banker.</p>
External Appointments	CIMB Investment Bank Berhad Ayer Holdings Berhad



DATUK RICHARD LEE SAY TSHIN

(Malaysian, male, age 70)

INED

Date of Appointment	1 November 2023
Board Committee(s)	Nomination Committee (Chairperson) Audit and Remuneration Committees (Member)
Profile Summary	<p>Datuk Richard is an accomplished banker with over 46 years of experience in the banking industry, having held various positions in HSBC Bank Malaysia Berhad ("HSBC"), including the position of MD of Strategic Business Development prior to his retirement in 2013. He is currently the Vice Chairman, Strategic Initiatives for HSBC. He is also a Council Member of the Malaysia-China Business Council.</p> <p>Datuk Richard graduated from the University Malaya with a Bachelor's Degree in Economics.</p>
External Appointments	CJ Century Logistics Holdings Berhad Padini Holdings Berhad Alpha IVF Group Berhad Malaysia-China Business Council

PROFILE OF DIRECTORS

(continued)



TAN LEI CHENG

(Malaysian, female, age 66)

NINED

Date of Appointment	27 April 2012
Board Committee(s)	Nomination and Remuneration Committees (Member)
Profile Summary	<p>Tan Lei Cheng (“TLC”) has more than 40 years’ experience in the property industry and corporate sector. She was Chief Executive Officer of Tan & Tan Developments Berhad (“Tan & Tan”) from March 1995, a property development company that was listed on Bursa Malaysia Securities Berhad. Following the completion of the merger between (IGBC and Tan & Tan on 8 May 2002, she assumed the role of Executive Chairman and Chief Executive Officer 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 NEC of Goldis. After the privatisation of IGBC by IGB on 16 March 2018, she remains as NEC of IGB.</p> <p>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.</p>
External Appointments	IGB Dato’ Tan Chin Nam Foundation



TAN MEI SIAN

(Malaysian, female, age 40)

NIED / Head of Strategy & Risk (“HSR”)

Date of Appointment	11 June 2020
Board Committee(s)	Commercial RMSC (Member) Retail RMSC (Member)
Profile Summary	<p>Tan Mei Sian (“TMS”) was appointed HSR of the Manager on 1 February 2020, a position she still holds, and NIED on 11 June 2020.</p> <p>Tan Mei Sian is Deputy GCEO 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 Deputy GCEO 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.</p> <p>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, United Kingdom, Netherlands, China, Taiwan, Hong Kong, Singapore, Malaysia, Thailand and Australia.</p> <p>Tan Mei Sian graduated with a 2.1 from the London School of Economics and Political Science with a Bachelor of Science in Economics.</p>
External Appointments	IGB (DGCEO / Alternate Director to TLC) Tan & Tan

Other disclosures

1. Except for DSRT, TLC, ETHN and TMS, none of the Directors has any family relationship with any Directors and/or major shareholder of the Manager and/or major unitholders of IGB Commercial REIT.
2. DSRT, TLC, ETHN and TMS have actual and/or potential conflicts-of-interest due to their family companies’ unitholding in IGB Commercial REIT in connection with the general mandate for recurrent related party transactions as disclosed in the 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 2023 (“FY2023”).
5. Directors’ attendance at the Board and Board Committee meetings during FY2023 as disclosed in the Corporate Governance Overview Statement.
6. Directors’ unitholdings in IGB Commercial REIT as disclosed in the Unitholding Statistics.

PROFILE OF MANAGEMENT OF THE MANAGER

ELIZABETH TAN HUI NING

CEO

Description under the heading [Profile of Directors](#) in this Annual Report.

WONG KHIM CHON

Joint Deputy CEO
("DCEO") (Commercial)

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 also a member of Commercial RMSC of the Manager.

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

He was then attached with Hap Seng Land Sdn Bhd, the property arm of Hap Seng Consolidated Berhad as Senior GM, from 2010 until 2014, where he headed the property management and leasing department in addition to overseeing the sales and marketing department for commercial and residential properties in the property development business unit. Between January 2015 and July 2018, he was Executive Director and 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 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, United Kingdom.

RENNIE LEE CHAI TIN

Joint DCEO (Retail)

Academic/ Background/ Working Experience

Rennie Lee appointed as Joint DCEO of the Manager on 1 January 2024. She is also a member of the Retail RMSC. Rennie Lee 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, she was Joint Chief Operating Officer ("COO"), and before that, Head of Operations/Leasing (MVM) of the Manager, overseeing and managing the day-to-day operations of leasing including asset enhancement strategies.

Rennie Lee has over 30 years of retail management and operations experience; in particular, she was a key member of MVM pre-opening team and a founding team member in the leasing of Mid Valley City. Rennie Lee is concurrently GM of Mid Valley City Sdn Bhd ("MVC"), a wholly-owned subsidiary of IGB Berhad ("IGB") since 1995, and then elected as CEO on 1 January 2024. Preceding that, her past work experiences involved leasing and marketing of shopping malls such as Mahkota Parade, Subang Parade and IOI City Mall.

PROFILE OF MANAGEMENT OF THE MANAGER

(continued)

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 Developments Berhad ("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 the Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants ("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 also a member of the Retail RMSC of the Manager.

He has working experience in corporate finance and advisory covering mergers and acquisitions, equity and debt fund raising, capital management and restructuring, valuations as well as take-over offers. He started his career as Corporate Finance Executive with the then Sime Merchant Bankers Berhad in 1997. Thereafter, he was with Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) where his last position was Corporate Finance Manager prior to joining 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 then appointed as 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 the Malaysian Institute of Accountants.

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 Chartered Governance Institute.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Manager

IGB Commercial REIT (“IGBCR”), constituted as a REIT, is externally managed by IGB REIT Management Sdn. Bhd. (“IGBRM”) (in its capacity as manager of IGBCR) (the “Manager”). The business and affairs of IGBCR are managed under the direction and oversight of the Manager’s Board of Directors (the “Board” or “Directors”).

The Manager has general powers of management over the assets of IGBCR. Its main responsibility is to manage the assets and liabilities of IGBCR for the benefit of unitholders (“UHs”), with a focus on generating rental income and enhancing asset value over time to maximise returns from the investments, and ultimately the distributions to UHs.

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 trustee of IGBCR) on any investment or divestment opportunities in accordance with the stated investment strategy of IGBCR.

The Manager is a wholly-owned subsidiary of IGB Corporation Berhad (“IGBC”), which is, in turn, wholly owned by IGB Berhad (“IGB”), the sponsor and controlling UH of IGBCR.

Governance at IGBCR

The Manager embraces the tenets of sound corporate governance (“CG”) including accountability, transparency, and sustainability. The Manager’s stewardship approach ensures IGBCR upholds its economic, ethical, legal, and social duties to stakeholders.

The Board remains committed to effective CG as the basis for promoting the long-term growth and sustainability of IGBCR’s business for the benefit of UHs and wider stakeholders.

While IGBCR must comply with the Guidelines on Listed Real Estate Investment Trusts (“REIT Guidelines”) by the Capital Markets and Services Act 2007 (“CMSA”) and the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), the Manager continues to have regard to the principles of good governance of the Malaysian Code on Corporate Governance (“MCCG”) and seek to comply with MCCG wherever this is appropriate for IGBCR and the Manager.

This Corporate Governance Overview Statement (“CGOS”) describes the Manager’s governance practices relating to operations of IGBCR and how the Board has discharged its responsibilities during the financial year ended 31 December 2023 (“FY23”) and up to the date of this CGOS. IGBCR has complied with the key principles in MCCG in all material respects. Where there are deviations from the principles of MCCG, appropriate explanations and details of the alternative practices are provided in this CGOS. This CGOS was approved by the Board on 30 January 2024.

Principle A: Board Leadership and Effectiveness

The Manager Governance Framework

Board Chairman

Dato’ Seri Robert Tan Chung Meng (“DSRT”)

- Non-Independent Non-Executive Director (“NINED”)

- Leads the Board in its collective oversight of IGBCR and ensures its effectiveness by steering effective, productive, and comprehensive discussions on strategies, business operations, sustainability risk management and other plans of IGBCR.
- Spearheads IGBCR’s drive to promote, attain and maintain good governance standard.
- Presides over all general meetings and fosters constructive dialogue between UHs, Board and Chief Executive Officer (“CEO”).

Board

- 2 NINED
- 4 Independent Non-Executive Directors (“INEDs”)
- 2 Executive Directors (“EDs”), one of whom is a CEO

- Fosters the success of IGBCR to deliver sustainable value over the long term to UHs.
- Oversees the strategic vision, direction, performance, and affairs of the Manager and IGBCR.
- Engages stakeholders based on the principles of sustainability and sound governance.
- Provides leadership to CEO and key management personnel (collectively “KSM” and individually, the “Officer”).

Board Committees (“BC”)

Audit Committee (“AC”)

Chair: Halim bin Haji Din (“HHD”)

- 4 INEDs

Remuneration Committee (“RC”)

Chair: Ang Kim Pak (“AKP”)

- 4 INEDs and 1 NINED

Nomination Committee (“NC”)

Chair: Datuk Richard Lee Say Tshin (“DRL”)

- 4 INEDs and 1 NINED

Retail Risk Management & Sustainability Committee (“Commercial-RMSC”)

Chair: Elizabeth Tan Hui Ning (“ETHN”)

- KSM

- The BCs’ terms of reference (“ToR”), reviewed and approved annually, are available on IGBCR’s website www.igbcomreit.com.
- The Board Chairman is not a member of the BCs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

CEO/ED ETHN

- Spearheads the business and day-to-day management of the Manager and IGBCR.
- Makes major corporate decisions ranging from daily operations to managing company resources.
- Leads the Management to address strategies, business operations and sustainability risk management in meeting the strategic, investment and operational objectives of IGBCR.

Clear division of roles and responsibilities

Board Chairman

Provides overall leadership to, and ensures the effectiveness of, the Board; sets the agenda, character and tone of Board meetings and discussions; maintains an effective relationships and open communication, both inside and outside the boardroom, between Non-Executive Directors (“NEDs”) and Management; establishes good CG practices and procedures, and promotes the standards of integrity, probity, and CG throughout IGBCR and particularly at Board level; and ensures that there is effective communication with UHs.

NEDs

Monitor and scrutinise IGBCR’s performance against its strategic goals and financial plans; bring objective perspective to the Board’s deliberation and decision-making, drawing on their collective broad experience and individual expertise and insights; play a lead role in the functioning of BCs; and monitor and assess the effectiveness of, and support and constructively challenge, the EDs, one of whom is the CEO.

CEO

Develops IGBCR’s strategy for consideration and approval by the Board and provides effective leadership to Management in their delivery strategy; oversees day-to-day management and conducts of business and affairs of the Manager and IGBCR; manages, with Management, relationships with key stakeholders, from UHs to tenants, customers, and suppliers; and communicates IGBCR’s progress against strategy and operational performance to investors and analysts. In carrying out her task, CEO, is supported by Joint Deputy CEO (“JDCEO”) (Retail) and JDCEO (Commercial).

The clear separation of roles and responsibilities of Board Chairman, NEDs 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.

Board Framework

The Board has a Charter (available on IGBCR’s website and last updated on 30 January 2024) that sets out the Board’s role, responsibilities, and mandates. The Charter has been developed to give prominence to the Board’s commitment to good CG, adopting best practices, applicable rules and regulations, processes and procedures to guide the Board in discharging their duties and functions. The Charter is reviewed on a regular basis to enhance its processes and procedures and ensure alignment with new requirements and regulations.

The Board has a formal schedule of matters reserved for its approval, among others, IGBCR’s sustainability and business strategy, business plans and budgets, major capital expenditure, acquisitions, divestitures, capital management, internal control and risk management system, financial results, changes to key corporate policies and CG arrangements. Other responsibilities and authorities are delegated by the Board to its standing BCs: AC, NC, RC and Commercial-RMSC. Matters that fall outside of those reserved to the Board or its BCs fall within the responsibility and authority of CEO and/or Chief Financial Officer (“CFO”) and are either reserved to them or delegated further to the executive team through an authority limit matrix, which is also reviewed and approved by the Board.

Sustainability Governance

Sustainability plays an integral role in IGBCR’s operations. The Manager has the right governance processes in place to ensure effective board oversight of IGBCR’s environmental, social and governance (“ESG”) sustainability. Over the past several years, the Manager has transformed the ways in which sustainability is incorporated into IGBCR’s business activities (strategy, operations, risk management, and corporate culture) and will continue to advance further in this area in the years ahead. The Manager subscribes to the IGB Group Sustainability Policy (established in August 2023) which serves as the overarching policy framework of the Group’s sustainability commitments.

The Board recognises that sustainability is essential part of good governance and acknowledges its stewardship duties over IGBCR. The Board remains steadfast in building a sustainable and resilient IGBCR, with the aim of creating value for UHs and stakeholders. The Board, together with Commercial-RMSC, led by CEO, which in turn, is responsible for sustainability management across IGBCR. The Board determines the material ESG factors and considers them in IGBCR’s sustainability and business strategy. The Board oversees the management and monitoring of sustainability issues through quarterly reports presented by the Head of Strategy & Risk (“HSR”), who assists the Commercial-RMSC in monitoring and evaluating the effectiveness on an on-going basis.

As disclosed in the annual reporting under the **Sustainability Statement**, the Manager is transparent about how sustainability is embedded in IGBCR’s business and initiatives driven by IGBCR in terms of material matters. Through monitoring efforts during FY23, the Manager continues to identify areas for improvement at IGBCR’s portfolio of properties.

The Manager’s initiatives are a testament to its continuous efforts towards sustainable value creation. The Manager will 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, annual reports (“AR”), media releases, investor presentations, quarterly analyst briefings, etc.) stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

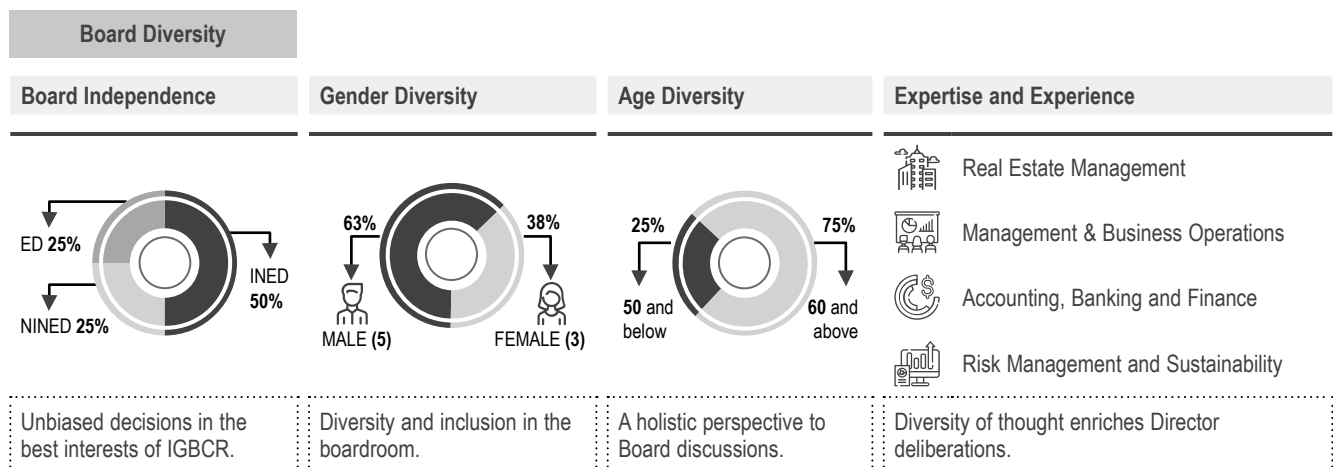
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The Board recognises that ESG issues are complex, evolving rapidly, and present a range of strategic risks and opportunities for IGBCR's business. Therefore, the Board strives to constantly build the necessary knowledge and skills and stay updated on the emerging ESG regulations, standards and frameworks and stakeholder expectations. In addition to discussion of IGBCR's sustainability matters at the Board table, Directors stay up to date with relevant developments in sustainability and ESG as detailed in the **Continuing Development of Directors** section. In FY23, save for HHD, all Directors have attended the Mandatory Accreditation Programme ("MAP") Part II: Leading for Impact (Building high-impact boards for sustainable growth) prescribed by Bursa.

The Board's 2023 effectiveness evaluation which is facilitated through NC includes a section relating to ESG and sustainability issues. KSM's performance evaluation is guided by the Manager's 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.

As described above, sustainability management has Board-level oversight, with the support of Commercial-RMSC, overseeing the sustainability matters of IGBCR – identification, assessment, and disclosures of such risks, and these data flow into the boardroom to ensure well-informed discussion. Besides, the internal audit ("IA") will look at internal controls to ensure that ESG is integrated within IGBCR's decision-making process, while the external auditor ("EA") will focus on financial statement disclosures. As such, there has not yet been a need to designate a specific individual to strategically manage sustainability of IGBCR.

IGBCR reports on its sustainability performance through its **Sustainability Statement**, which contains details of the material sustainability issues that IGBCR has identified.



The Manager is committed to ensuring an appropriate mix of skills, expertise, experience, and diversity (including gender) on the Board and its BCs so that the Board can effectively discharge its CG and oversight responsibilities.

As part of NC's oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board vacancies as and when they arise, or to identify candidates to complement the existing Board, and to make recommendations to the Board on their appointment. When appointing new Directors, the Board and NC look to ensure that an appropriate balance of skills, knowledge, experience, independence, and diversity is maintained.

The NC has a rigorous process around the direction of selection, nomination, and appointment of Directors. The assessment process includes reviewing the candidate curriculum vitae and other biographical information (career paths, personal and professional merits), conducting background searches (must not have any prohibited characteristics according to relevant laws and criteria set out in the Manager's Fit and Proper ("FAP") Guidelines), as well as formal/informal interview at NC's discretion. The final decision on the selection of Directors will be based on merit against an objective criterion that complements and expands the skills and experience of the Board as a whole. The potential candidate may be proposed by existing Directors, Management, or third-party referrals.

During FY23, the Board's succession planning has seen the retirement and appointment of several Directors. DRL and Raymond Yeoh Cheng Seong ("RYCS") joined the Board as INEDs on 1 November 2023. On 29 December 2023, the Manager announced that Tan Sri Dato' Prof. Lin See Yan ("TSL") and Lee Chen Chong ("LCC") stepped down from the Board on 31 December 2023, after almost 12 years' service as INEDs. Tan Boon Lee ("TBL") also resigned as NINED, effective from the same date. The Manager also announced new leadership for both its Board and KSM with the appointment of DSRT as its new Chairman effective 1 January 2024 and ETHN, as the new CEO, replacing Antony Patrick Barragry ("APB"), effective 2 January 2024. The Board thanked TSL, LCC, TBL and APB for their significant contribution to the Board and the Manager during their tenures, and welcomed DRL and RYCS to the Board.

Further information about the Board's and its BCs' composition, succession plans and evaluation, and how diversity and inclusion are being fostered on the Board and across the Manager, are fully explained in the **NC Report** section. The NC will continue to consider the forward skill and experience requirements of the Board with respect to Board succession to ensure strong corporate knowledge is coupled with new skills and thinking to support the long-term strategic direction of the Manager and IGBCR.

As IGBCR is externally managed trust, UHs are not legally able to vote for Directors of the Manager. Directors are not subject to periodic retirement by rotation under the Manager's Constitution. However, the Board evaluates the performance of each individual Director on an annual basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Board Processes

Board/BC Schedules

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 at least 4 times a year, with additional meetings held as required to address specific issues. The dates for the Board/BC meetings are preset, allowing for active and insightful participation during meetings. All Directors are required to attend UHs, Board and / BC meetings called, in person or via audio or video conference, unless required to recuse.

The number of Board and BC meetings and each individual Director's attendances at such meetings during FY23 are shown in [Board and BC Meeting Attendance](#) section.

Provision of Information

Directors are provided with meeting materials setting out relevant information on the agenda items to be discussed at Board/BC meetings at least 5 business days in advance of the meeting (save in cases of urgency), to give Directors sufficient time to prepare for the meeting and review and consider the matters being tabled so that discussions can be more meaningful and productive and Directors have the necessary information to make sound and informed decisions.

The CEO, CFO, HSR, Head of Compliance/Company Secretary ("HOC/CS") and Head of Group IA ("GIA") of IGB (providing outsourced IA function) attend Board meetings, and where necessary, BC meetings, to brief and make presentations to Directors, provide input and insight into matters being discussed, and respond to queries and take any follow up instructions from the Directors.

All proceedings of the Board and BC meetings are duly recorded in the minutes of each meeting and circulated promptly to every Board/BC member for their comments prior to confirmation of the minutes.

Board Areas of Focus

The Board meets every quarter with additional meetings held as required to address specific issues. During FY23, the Board met 4 times to deliberate and consider a variety of significant matters that required its guidance and approval.

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), sustainability and ESG-related risks and mitigation strategies, regulatory and compliance updates, as well as mandate sought by KSM, including, where applicable, relevant budgets and business plans. BC Chairs also provide summaries of the main decisions and recommendations arising from BC meetings to ensure non-members are kept up to date with the work undertaken by each BC.

The following were key focus areas in respect of IGBCR and the Manager which the Board had reviewed, deliberated and/or approved at the respective Board meetings in FY23 and up to the date of this CGOS:

- IGBCR's strategies (including ESG), budgets, plans and policies.
- Quarterly property portfolio performance (including asset enhancement initiatives) reports.
- Quarterly financial results of IGBCR and the audited financial statements of IGBCR.
- Half-yearly income distributions of IGBCR.
- Quarterly desktop update and year-end valuation of IGBCR's property portfolio.
- Quarterly updates on strategy and key risks associated to IGBCR's business operations.
- Quarterly updates on sustainability related initiatives and key ESG performance as tracked against 2023 goals and targets, including reviewing and assessing the readiness of IGBCR to comply with the MMLR on Enhanced Sustainability Disclosure, which the gaps closure plan had been established and approved by the Board.
- Policies, procedures, and practices relating to operational governance.
- Board appointment and succession, including changes to BCs' composition.
- CEO and Management appointment and succession.
- Remuneration of Directors and KSM.
- Board effectiveness evaluation.
- FAP assessments of Directors and KSM.
- Reports and statements for inclusion in AR of IGBCR, including Management Discussion and Analysis, Sustainability Statement, Statement on Risk Management and Internal Control ("SORMIC"), CGOS and Circular to UHs in relation to renewal of recurrent related party transactions ("RRPT") ("Circular-RRPT Mandate").

Conflicts-of-Interest ("COI")

Directors and KSM should conduct themselves with integrity, impartiality, honesty, and professionalism at all times, and to avoid any conflict arising between their role with the Manager and IGBCR, and their private interests. Directors and KSM are expected to be meticulous in their disclosure of any material personal or family contract or relationship.

To foster a culture of responsible governance, the Manager has established a COI Policy in July 2023. The policy sets out the disclosure obligations of each Director and Officer with respect to COI, and the procedures to be followed when a COI arises or potentially arises to ensure systematic identification, disclosure and management of COI in an effective and timely manner. The policy also serves as a guide to AC in discharging its role which is to provide oversight over COI within the Manager and IGBCR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

As a general rule, Directors and KSM are responsible for identifying and managing COI on an ongoing basis. Directors have a duty to declare any interests relevant to the agenda items at the start of the meeting and/or during discussion, and recuse him/herself when the matter is being discussed and resolved. Any such declaration concerning a decision of the Board/AC shall be included in the minutes of meeting. In the case of KSM, declaration must be escalated to CEO who shall consider and decide whether to authorise such conflict based on the overriding principle that KSM has a duty to uphold professionalism and ethics in the conduct of business activities of the Manager and IGBCR. HOC/CS shall submit a quarterly report on COI disclosures to AC. All COI transactions, with details regarding the conflicted persons, nature of relationship, type of transactions, rationale and necessity of the transactions and opinion rendered by the Board/AC/CEO, are recorded in the meeting minutes and/or register of COI. The Manager also undertakes an annual declaration exercise requiring Directors and KSM to complete the COI disclosure questionnaire. The questionnaire is designed to extract crucial details related to potential COI. The annual COI declaration not only streamlines the disclosure process but also ensures that all relevant information is captured, enabling the Manager to take appropriate actions based on a thorough understanding of the disclosed conflicts.

Following a review by AC of the application of this policy, the Board is satisfied that every Director and Officer has complied with this standing policy. No Director conflict situation currently exists, save in respect of DSRT, Tan Lei Cheng ("TLC"), Tan Mei Sian ("TMS") and ETHN ("Interested Directors"). The Interested Directors have actual and/or potential COI due to their family companies' unitholding in IGBCR in connection with the RRPT. This conflict has been authorised by the Board on the basis that, a general mandate for such RRPT had been obtained from UHs at the Second Annual General Meeting of IGBCR on 27 April 2023 ("2023 AGM").

Board Access to KSM and Independence Advice

The Board members are supported by HOC/CS who provides advisory services to the Board, particularly on CG and compliance issues, including compliance to the relevant laws and guidelines relevant to the Manager and IGBCR.

Tina Chan Lai Yin, a Fellow of the Chartered Governance Institute, is the HOC/CS. She is a qualified Chartered Secretary and experienced in the field of corporate compliance and governance. HOC/CS plays a vital role in ensuring the Manager and IGBCR comply with the relevant guidelines, rules and regulations, including disclosure requirements under the REIT Guidelines and MMLR. A summary of her role and responsibilities is set out below:

- Oversees, monitors, and advises on regulatory compliance obligations of the Manager and IGBCR, ensuring that all corporate processes and procedures comply with laws, regulatory requirements, policies, and procedures, and all notification and reporting requirements are met.
- Periodic reviews of CG practices and processes of the Manager and formulates internal compliance procedures and guidelines to strengthen the governance of the Manager and IGBCR.
- Advises Directors on their statutory duties under the law, disclosure obligations, regulatory requirements, CG requirements and practices and effective board processes.
- Coordinates Board business and provides a point of reference for ensuring timely information flow within the Board and its BCs, as well as between and with KSM.
- Acts as IGBCR's primary channel of communication with the regulatory authorities.
- Organises, coordinates, and attends the Board/BCs, and takes down meeting minutes, as well as ensures that the decisions of the Board/BCs are followed through.
- Prepares and circularises notice of AGM, circular to UHs and CGOS for inclusion in the AR of IGBCR.

HOC/CS works synergistically with CEO and KSM in ensuring that necessary internal controls and procedures are in place so that regulatory compliance can be measured and monitored. 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.

Directors have unrestricted access to Management and may seek briefings from KSM on specific matters.

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

Board Effectiveness Evaluation

The Board annually reviews the performance of the Board and each BC, as well as individual Directors, using a comprehensive and structured self-assessment approach based on the individual input and responses of Directors. This includes consideration of the effectiveness of the Board and its performance against the requirements of its Charter as well as an assessment of the effectiveness of the structure and the composition of the Board. This will give the Board valuable insights into their collective and individual strengths and areas for further development, positioning them well to maintain and further enhance their effectiveness.

The NC is responsible for establishing processes for reviewing the performance of individual Directors, the Board as a whole and BCs. The performance assessment will be discussed with the full Board.

The effectiveness of the Board, its BCs and of individual Directors was assessed in January 2024 by means of an internal questionnaire evaluation. The evaluation was designed to assess how effectively the Board functions as a whole and how effectively its BCs function. It was also intended to provide individual Board members with insights about themselves to enable them to improve their personal contribution, in turn increasing the overall effectiveness of the Board and BCs of which they are members. More details are provided in the **NC Report** section.

Director independence

The Manager's criteria for independence are set out in the Charter. To be judged independent, a Director must, in the opinion of the Board (with the assistance of NC), be free of any interest, position, affiliation or relationship that might influence, or reasonably be perceived to influence, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of IGBCR as a whole than in the interests of an individual UH or other party.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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The tenure of an INED shall not exceed a cumulative term of 9-year, as stated in the Charter (last updated on 30 January 2024).

The Board reviews the independence of INEDs annually. The NC assesses the annual independence confirmation received from each INED, having regard to the criteria laid down in the Charter, REIT Guidelines and MMLR. All INEDs have declared that there were no relationships or instances that would otherwise deem them not to be independent.

The NC has considered the independence of each individual Director and the overall independence of the Board in January 2024, as more fully explained in the **NC Report** section.

Continuing Development of Directors

Directors are expected to maintain the skills required to discharge their obligations to the Manager. Directors must keep up-to-date with strategic issues and commercial changes affecting IGBCR and the market in which it operates. All Directors have participated in continuing education, training, and development programmes during FY23, as detailed below:

- Asia School of Business – Beyond box-ticking: Essentials for effective remuneration committees
- Bursa Malaysia Berhad – Advocacy Session for Directors and CEO of Main Market Listed Issuers
- CHK Consultancy (“CHK”) – Industry 4.0 and its impact on Malaysian capital markets
- CHK – Creative and innovation: The key to successful corporate transformation in Covid-19 era
- CHK – Rethinking business strategies in driving the ESG and sustainability agenda
- CKM Advisory (“CKM”) – Common pitfalls in transactions and related party transactions (“RPT”) rules
- CKM – Key disclosure obligations of a listed company
- Institute of Corporate Directors Malaysia – MAP Part II (Leading for Impact)
- MESH Consultancy & Training Centre PLT – Effective set up of safety and health committee
- PricewaterhouseCoopers PLT (“PwC”) – Trust in leadership
- Securities Industry Development Corporation (“SIDC”) – Sustainable and responsible investment: Revving up the race for sustainability
- SIDC – Leveraging artificial intelligence in growing the digital economy

BC

The Board has appointed 4 BCs to cover specific operations: AC, NC, RC and Commercial-RMSC. BC members are chosen for the skills and experience they can contribute to the respective BCs. The Board Chairman is not a member of BCs. This is to ensure the objectivity of the Board Chairman is not impaired particularly during deliberation on the recommendations put forth by BCs.

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 (last updated on 30 January 2024) and the portfolio’s complexity. BCs may invite non-BC members and members of KSM to attend BC meetings to provide reports and/or guidance where appropriate. BCs may seek any independent counsel, expert, or advisor that they believe to be desirable and appropriate.

The Board performs a detailed analysis of the various parts of the business through BCs and receives reports from BC chairmen highlighting matters requiring the Board’s further attention or noting.

As part of the Manager’s governance processes, an internal evaluation of the BCs was undertaken in January 2024. The results of the evaluation were positive. The evaluation concluded that the BCs are effective, well chaired, with good discussion and debate, and the level of expertise on the BCs is good.

The BCs’ roles, and main activities during FY23 and up to the date of this CGOS were those as set out in the respective BC reports below:

AC Report

Primary Role	Provides independent oversight of IGBCR’s financial accounting and reporting process, IA function, external audit, RPT, COI situations, and annual reporting.
Activity Highlights	<p>The following were key deliberations, and basis for the decisions and/or recommendations made to, and approved by the Board:</p> <p>Financial reporting</p> <ul style="list-style-type: none"> ▪ IGBCR’s financial and portfolio performance. ▪ Financial Reporting Checklist FY23 completed by CFO, and assessed by CEO, and obtained their assurance, that adequate processes and controls were in place for an effective and efficient process in the preparation of IGBCR Financial Statements FY23. ▪ IGBCR’s quarterly financial results and year-end financial statements, including consideration of these reports being fair, balanced, and understandable, and provide the information necessary for UHs to assess IGBCR’s position, performance, and strategy. The results of the review have been provided to the Board. The Board’s conclusion in this respect is set out in the Manager’s Report and Statement by the Manager. <p>Internal control</p> <ul style="list-style-type: none"> ▪ IGBCR’s internal processes for monitoring and assessing the effectiveness of internal controls and governance. No significant irregularity or deficiency in internal controls has come to the attention of AC during FY23. AC has reported this opinion to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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Activity Highlights	IA
	<ul style="list-style-type: none"> IA function’s charter and annual risk-based IA plan, and received assurance from the Head of GIA that the IGB GIA Department (“GIAD”) has the resources and competency to carry out the IA function effectively and independently.
	<ul style="list-style-type: none"> Quarterly report on the delivery of IA plan and on the principal findings from the work of IA and management’s actions to remediate issues identified. A total of 11 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, risk management, compliance shortcomings, and documentation anomalies whereby all gaps had since been addressed.
	<ul style="list-style-type: none"> Coordination between IA and EA to maximise the benefits from clear communication and coordinated activities.
	<ul style="list-style-type: none"> The assurance statement by IA on the internal review of the Sustainability Statement.
	<ul style="list-style-type: none"> Met with IA twice without presence of KSM, to discuss any matter in relation to audit issues and internal control weaknesses noted in the course of their audit. There were no major shortcomings or impediments highlighted by IA in relation to the execution of their audit assignments.
	<ul style="list-style-type: none"> The role and effectiveness of IA in the overall context of risk management, internal control and governance systems and processes of IGBCR and the Manager. The IA function continues to be effective, and has appropriate standing within the Manager and IGBCR.
	External Audit
	<ul style="list-style-type: none"> The external audit’s plan for IGBCR, encompassing the planned scope and timing for the year’s audit.
	<ul style="list-style-type: none"> For FY23, amount payable to PwC is RM237,900 for audit services.
	<ul style="list-style-type: none"> The EA’s report on the conduct of audit of the year-end financial statements, the audit findings together with recommendations, in particular key audit matters included in the Independent Auditor’s Report (“IAR”). The Board had obtained assurance from EA on their independence in their duties throughout the conduct of the audit engagement.
	<ul style="list-style-type: none"> Adopted a framework in relation to the provision of non-audit services (“NAS”) by EA. For certain specified NAS, IGBCR can employ EA without reference to AC, subject to a specified fee limit. NAS in FY23 is nil. The EA has also confirmed its independence to the Directors in accordance with applicable laws and standards as set out in the IAR.
	<ul style="list-style-type: none"> Met with EA twice without presence of KSM to discuss any issues or reservations arising from their audit. No major concerns were highlighted by EA and they received full cooperation from KSM and were given unrestricted access to the Manager’s and IGBCR’s records.
	<ul style="list-style-type: none"> PwC’s Annual Transparency Report i.e., a summary of the legal and governance structure of PwC, audit quality measures and audit quality indicators.
	<ul style="list-style-type: none"> The annual performance assessment of EA via evaluation questionnaire completed by AC, in consultation with CFO. The assessment included review of EA performance in terms of professional expertise, objectivity, business understanding, scope, quality, efficiency, and independence, as well as PwC’s own internal quality control procedures. Based on 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.
RPT and COI	
<ul style="list-style-type: none"> Quarterly report of COI disclosures. AC was satisfied with the current arrangements in place to address perceived as well as actual conflicts, assured by transparent self-declarations of interest. 	
<ul style="list-style-type: none"> Review of quarterly reporting of RPT and RRPT to ensure proper monitoring and reporting of such transactions according to RPT policy and against approved mandate. 	
<ul style="list-style-type: none"> Circular-RRPT Mandate to be sought at the Third AGM of IGBCR (“2024 AGM”). AC was satisfied that adequate processes and controls were in place for an effective and efficient process in monitoring, tracking, and identifying RRPT in a timely and orderly manner. 	

NC Report

Primary Role	Reviews the structure, size, and composition (including the balance of skills, experience, independence, and diversity) of the Board and its BCs, oversees development of a diverse pipeline for Board and CEO succession, identifies and nominates candidates to fill Board vacancies as and when they arise, evaluates the effectiveness of the Board, BCs and individual Directors including the independent status of NEDs on an annual basis, and reviews CG matters.
Activity Highlights	<p>The following were key deliberations, and basis for the decisions and/or recommendations made to, and approved by the Board:</p> <p>Reconstitution of the Board/BCs to facilitate independence and diversity in the boardroom DRL and RYCS were appointed to the Board and Chair/member of AC, NC, and RC on 1 November 2023. Both highly talented individuals have diverse experiences and expertise in various business leadership roles with financial institutions and publicly held companies. With a focus on board diversity and renewal, DRL and RYCS with their specialised expertise, knowledge, and talent, will enhance the Board’s collective strength and relevant experiences. DRL and RYCS met the FAP criteria and the requirement of independence set out in the REIT Guidelines and MMLR.</p>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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Activity Highlights	<p>Board Chairman succession DSRT was appointed Board Chairman on 1 January 2024, replacing TSL. DSRT has the breadth of leadership experience to ably lead the Board and IGBCR due to his extensive experience and deep knowledge in the REIT businesses, as well as his notable work as Managing Director of the Manager, a post in which he has served for 10 years before being redesignated to NINED in January 2023. DSRT did not have any prohibited characteristics according to relevant laws and the Manager's FAP criteria.</p>
	<p>Board decision: The Board has engaged in thoughtful long-term succession planning, and the resulting composition of the Board/BC members, adequately encompass the knowledge, qualifications, diversity, and experience needed to drive IGBCR's continued growth and success. The Board has also considered it important that the Manager has a mix of Directors with a level of history with the Manager, and newer appointments to bring a fresh perspective to discussions.</p>
	<p>CEO succession ETHN has been named CEO, effective 2 January 2024, taking over the position from APB, whose term of office ended on 31 December 2023. ETHN has been an integral part of the Manager for over 11 years, where she held a variety of executive, operational and leaderships roles, having served as ED, JDCEO (Retail), Joint Chief Operating Officer and Head of Operations/Leasing (The Gardens Mall). With acknowledgment that CEO succession was necessary to prepare the Manager for its next phase of growth, ETHN has the leadership skills, capabilities, and experience for the CEO's role to lead IGBCR through its next strategic phase. ETHN has satisfied the FAP criteria.</p>
	<p>Board decision: The Board has full faith in ETHN's ability to lead the Manager, and to continue delivering on the Manager's mandate in leading IGBCR forward.</p>
	<p>Annual Board evaluation The effectiveness of the Board, its BCs and of individual Directors was assessed in January 2024 by means of an internal questionnaire evaluation. Upon due consideration of the Directors' attendance, contribution and participation at the Board/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 IGBCR's business, NC concluded that the Board members have, between them, highly relevant knowledge and experience, a broad range of skills and a collective deep understanding of IGBCR's business; and the Board and its BC have functioned effectively and that each Director has given sufficient time to fulfil his/her duties and responsibilities.</p>
	<p>Board decision: The Board has a balanced team with diverse skillsets, enabling them to provide effective oversight and strategic guidance to CEO and KSM, as well as to facilitate effective decision-making and constructive deliberations during its meetings, and that each Director has dedicated, and is able to dedicate, sufficient time and attention to their duties to the Manager. BCs have performed their duties with diligence, ethics and independence, ensuring fairness, transparency, and objectivity in their decision-making process, that helped enhance efficiency of the Board to steer the operations of IGBCR forward in line with the established strategies and direction efficiently. The Board has met its performance objectives for FY23, and an external facilitator was not necessary considering the Board size and composition and regular meetings held by the Board and BCs.</p>
	<p>Independence of INEDs 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. None of the INEDs have any financial, business, family, or other material/relevant relationships with the Manager or IGBCR or major UHs or KSM. The NC considered each NED to be independent throughout FY23. Every NC member had abstained from assessing his own independence.</p>
	<p>Board decision: The Board considers it has an appropriate balance of independence on the Board and all INEDs continued to demonstrate strong independence in judgement and were free from any business or other relationships which could interfere with their ability to discharge their duties effectively, and they therefore all remained independent.</p>
	<p>Governance policies and practices Every year, NC reviews and reassesses the adequacy of the Manager's CG framework and practices and makes recommendations for improvements, where applicable to IGBCR's governance environment. The assessment was undertaken in January 2024 and NC was satisfied that the Board has been committed to ensuring good governance standards and compliance practices, and has continuously strived to refine the Manager's policies and practices to ensure at a minimum that IGBCR meets the expectations of UHs and evolve in line with best practice in CG and the Manager's internal processes and practices. During FY23, key governance enhancements implemented by the Manager include the reconstitution of Board composition with 50% INEDs; a female CEO with women representing 38% of the Board, and over 67% female representation in KSM; the establishment of COI Policy so that any such conflict may be assessed and appropriately addressed; and the commitment and focus of the Board and KSM in meeting ESG and sustainability goals of IGBCR by means of mapping and prioritising material ESG topics towards achieving the sustainable development goals.</p>
	<p>Board decision: The Board remains of the view that the Manager is fully dedicated to upholding good governance principles, business integrity and professionalism in IGBCR's activities.</p>

RC Report

Primary Role	Oversights of the Manager's RPP and within the terms of the policy, determines the level of remuneration of Directors and KSM (including terms of employment).
Activity Highlights	Remuneration of NEDs Based on the comparative data of peer group, the fee level and meeting allowance of NEDs were within the benchmark of market median rates, and as such NED fee (FY23) and meeting allowance (2024) remained status quo, except for the addition of annual health screening, on top of the existing insurances i.e., health and medical and directors' and officers' liability and travel personal accident.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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Activity Highlights	Remuneration of CEO and KSM The quantum for the annual increment and bonus were determined with due consideration to the market practice, benchmarking against peer companies of a similar size and complexity, assigned responsibilities and individual work performance, as well as taking due cognisance of good performance of IGBCR in FY23, a testament to the commendable job that the Manager and its team have done.
	Board decision: The Manager's remuneration structures are aligned to its culture and value, which includes a core principle to offer a competitive, fair and well-balanced remuneration package, enabling the Manager to recruit and retain talented people on board, which support IGBCR's overall business strategy and long-term interests – including its growth, sustainability and profitability – and that contribute to long-term growth in UH value.
	Service contracts of CEO and KSM With a view to maintaining a skilled, well-balanced, and experienced KSM which is of fundamental importance to the long-term success of IGBCR's business, as well as taken cognisance of the individual performance, their employment has been extended with all contract extension remained on materially the same terms, which the Board had endorsed.

Commercial-RMSC Report

Primary Role	Oversight of IGBCR's strategic activities, policies, and practices for sustainability and management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks.
Activity Highlights	The following matters were discussed, deliberated upon, and dealt with at Commercial-RMSC quarterly meetings:
	▪ Key performance indicators of the offices.
	▪ Financial and non-financial business risks and risk mitigation action plans.
	▪ Sustainability objectives, strategies, and targets, and effectiveness of sustainability policies and programs.
	▪ Benchmarking of ESG-focused practices, risk oversight and disclosure as compared against peer practices, regulatory requirements, and institutional investor guidelines.

Board and BC Meeting Attendance

The table below sets out the attendance by Directors and BC members at meetings of the Board and BCs, and AGM in FY23:

Attendance of Meetings	Board	AC	NC	RC	Commercial-RMSC	AGM
Total meetings in 2023	4	4	1	1	4	
Chairman and NEDs						
DSRT ^(a)	4	-	-	-	-	✓
TSL ^(b)	4	2	1	-	-	✓
HHD	4	4	1	1	-	✓
LCC ^(c)	4	4	1	1	-	✓
AKP ^(d)	4	2	1	1	-	✓
DRL ^(e)	-	-	-	1	-	-
RYCS ^(f)	-	-	-	1	-	-
TBL ^(g)	4	-	1*	1*	-	✓
TLC	4	-	1	1	-	✓
EDs						
TMS	4	-	-	-	3	✓
ETHN ^(h)	4	-	-	-	-	✓

(a) Appointed as Board Chairman on 1 January 2024, succeeding TSL as the Board Chairman.

(b) Ceased to be members of AC, NC and RC on 10 July 2023, and retired from the Board on 31 December 2023

(c) Ceased to be members of AC, NC and RC on 1 November 2023, and retired from the Board on 31 December 2023

(d) Appointed as a member of AC and chairman of RC on 10 July 2023, succeeding TSL in this role.

(e) Appointed as INED, members of AC and RC, and chairman of NC on 1 November 2023 but did not attend any Board/BC meetings save for RC in the year as none were held after the date he was appointed.

(f) Appointed as INED and members of AC, NC and RC on 1 November 2023 but did not attend any Board/BC meetings save for RC in the year as none were held after the date he was appointed.

(g) Resigned as NINED on 31 December 2023

(h) Appointed as CEO on 2 January 2024

* By invitation

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Directors and KSM Remuneration

The Manager also manages IGB REIT which is listed on the Main Market of Bursa Malaysia. IGBCR and IGB REIT (collectively, the "REITs") have different investment policies. The REITs, constituted as trusts, have no personnel of their own. Remuneration of Directors and KSM is paid by the Manager, and not by the REITs.

Successful implementation of the REITs' business strategies and the fostering of the REITs' long-term interests, including their sustainability, require that the Manager is able, through competitive remuneration, to recruit, incentivise and retain resources which possess the professional qualities needed to effectively pursue the REITs' objectives. The Manager's RPP provides a structure that aligns remuneration with the successful delivery of long-term strategic and sustainability goals of the REITs, through the consolidation of the link between reward and performance, of both individuals and the REITs.

The determination of the remuneration of Directors and KSM is a matter dealt with by RC and the Board. The NEDs are remunerated by way of annual fee, which is based on the role that individual Directors fulfil in respect of Board and BC responsibilities, and benchmarked against the fee levels of directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of NEDs. The Board Chairman and AC Chairman receive fees at a higher rate than the other Directors in view of the additional responsibilities carried by those appointments. The fees payable to NEDs are not performance related and is subject to approval of IGBC. No other payments are made to NEDs other than meeting allowance and other benefits. EDs and CEO do not receive any fee nor meeting allowance as they are salaried executives of the Manager. The remuneration of NEDs is reviewed annually to ensure NEDs are reasonably remunerated and reflects their role and responsibilities in discharging their fiduciary duties. No Director shall participate or vote on the deliberations and decisions concerning his/her own remuneration.

KSM personnel have service contracts with the Manager, and their remuneration are made up of basic salaries, performance bonus and/or other customary benefits as accorded by comparable REIT managers, and are set according to the individual's skills, experience, responsibility and performance, and market competitiveness. The remuneration to CEO is recommended by RC and approved by the Board on an annual basis. The remuneration to the remaining executive management shall be approved by CEO in consultation with the chairman of RC, and informed to the Board on an annual basis.

Remuneration of Directors and KSM was last reviewed by RC and the Board in October 2023. Full details of RC's process on the remuneration of Directors and KSM, including service contract renewals, against all performance measures, are provided in the [RC Report](#) section.

Details of each individual Director's remuneration paid and payable in respect of FY23 are disclosed below:

Directors	Remuneration ^{(a)(b)} RM	Fee ^(a) RM	Meeting Allowance ^(c) RM	Benefits-in-kind ("BIK") ^{(a)(d)} RM	Total RM
Chairman and NEDs					
DSRT	1,571,997	130,000	10,000	-	1,711,997
TSL	-	182,000	20,000	480	202,480
HHD	-	143,000	24,500	480	167,980
LCC	-	130,000	22,500	480	152,980
AKP	-	130,000	17,500	480	147,980
DRL	-	21,667 ^(d)	-	40	21,707
RYCS	-	21,667 ^(d)	-	40	21,707
TBL	-	130,000	10,000	-	140,000
TLC	-	130,000	12,500	4,740	147,240
EDs					
TMS	471,451	-	-	1,185	472,636
ETHN	539,149	-	-	-	539,149
TOTAL	2,582,597	1,018,334	117,000	7,925	3,725,856

(a) Managing 2 funds i.e., IGBCR and IGB REIT, subject to the approval of IGBC.

(b) Base salary and annual bonus.

(c) Number of Board/BC meetings in respect of IGBCR attended by Directors.

(d) Car park season pass card.

(e) Pro-rated based on part of the year during which they served on the Board.

The NC and the 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 the REITs with a competent and experienced KSM team, it is in the best interests of the Manager not to disclose the remuneration of its top 5 officers (who are not Directors) 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

The remuneration paid to the top 5 officers (who are not Directors) in bands of RM50,000 (instead of on a quantum basis) for FY23 are as follows:

Remuneration Band	Number of Officer	Remuneration ^(a)	BIK ^(a)	Total
Between RM250,000 – RM300,000	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 RM1,000,000 – RM1,050,000	1	95.35%	4.65%	100.00%
Between RM1,050,000 – RM1,150,000	1	99.09%	0.91%	100.00%

(a) Base salary, annual bonus and fixed allowance are to manage 2 funds i.e., IGBCR and IGB REIT.

Acting Ethically and Responsibly

The Board is committed to providing robust leadership and oversight of the business required in setting and monitoring the Manager's culture to ensure that behaviours align with IGBCR's purpose, values, and strategy. The Manager has a number of policies and procedures in place to ensure the culture the Board wants to foster is embedded throughout the business of IGBCR.

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

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

Directors' Code of Business Conduct & Ethics ("Code")

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.

KSM is required to abide by the IGB Group Employee Code of Conduct, which sets out the behaviour and conduct expected of all employees in accordance with the guiding principles.

FAP Guidelines

All members of the Board and KSM shall be qualified by the Manager's FAP Guidelines, based on the criteria set out in the Manager's FAP Guidelines, which shall include, but not limited to, standards of integrity and reputation, competence and capability, and financial soundness, as well as shall not have prohibited characteristics under the CMSA, MMLR and other applicable laws and regulations.

In relation to the policy, Directors and KSM are required to provide FAP declaration twice a year i.e., before filing the Anniversary Reporting for Authorisation of Activity to the Securities Commission and issuance of IGBCR's AR. The FAP assessment were undertaken in January 2024 in accordance with the process.

Guidelines for dealings in units of IGBCR ("Units")

The Manager's internal procedures on dealings in securities reinforce the requirements of CMSA in relation to the prohibition against insider trading. 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 KSM will be notified of the closed trading period by an internal memorandum, which sets out the prohibition on dealing in Units in the period commencing one month before the quarterly financial 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 change in interest. Directors are required to update disclosure of interests in Units quarterly. All dealings in Units by Directors and/or KSM will be announced via the regulatory information service ("BursaLINK").

The interests in Units of Directors are shown in the [Unitholding Statistics](#) section.

Anti-Bribery & Corruption ("ABC") Policy

The Manager acknowledges the importance of lawful and ethical behaviour in IGBCR's business activities and remains committed to adhering to the values of transparency, integrity, impartiality, and accountability in the conduct of IGBCR's business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

The Manager subscribes to the IGB Group ABC Policy. This Group-wide policy details the prohibition against bribery and corruption in all of the Group's operations, highlighting the specific compliance requirements relating to these prohibitions, and reinforcing the Group's commitment to conducting business with the highest level of honesty and integrity. In relation to these guidelines, Directors and KSM of the Manager are required to submit quarterly declaration of gifts, entertainment, and hospitality, given to and received from third parties to the Integrity Officer of IGB.

There were zero instances of bribery, corruption and fraud reported during FY23.

Whistleblowing Policies and Procedures ("WPP")

The Manager also subscribes to the IGB Group WPP. This policy provides a channel for employees and other stakeholders to raise concerns on potential improprieties, including but not limited to suspected fraud, corruption, and unlawful or dishonest conduct. All whistleblower reports are addressed to the Whistleblowing Committee ("WBC") (comprising the Heads of Group Legal, GIA and Group Human Capital of IGB) which addresses complaints received relating to IGBCR. Whistleblowing reports may be made via a dedicated email address at feedback@igbcomreit.com. Strict confidentiality standards are established to ensure the protection of whistleblowers.

There has been no incidence reported or complaint submitted to WBC for FY23.

Guidelines for RPT and RRPT

The Manager has established controls and reporting measures for RPT and RRPT to ensure all transactions involving, among others, 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. KSM has been kept informed of the disclosure procedures for RPT/RRPT, who would ensure that transactions with related parties ("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 the 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 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.

At the 2023 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 2023 AGM up to the date of this CGOS, the actual value of RRPT has not exceeded the estimated value by 10% under the mandate.

On 30 January 2024, IGBCR announced its intention to seek UHs' approval for the renewal of existing RRPT at its 2024 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. 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 2024 AGM. The details of the RRPT Mandate are set out in the Circular-RRPT Mandate.

The AC has reviewed the Circular-RRPT Mandate in January 2024, and having considered, among others, the nature of RRPT to be made, are 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 are in place for monitoring, tracking and identifying RRPT in a timely and orderly manner.

The following table sets forth the RRPT entered into by IGBCR with RPs during FY23 pursuant to the mandate:

Transacting Parties	RRPT Nature	Estimated Value RM'000	Actual Value FY23 RM'000	Interested RPs
IGB Group ^(a)	Commercial leases, car parks and related services	12,000	8,066	IGBRM ^(e)
	Receipt of intellectual property	8	8	IGBC ^(e)
	Manager Fee	25,000	16,246	IGB ^(e)
	Receipt of information system services and products	500	299	DSRT ^(f) ETHN ^(g) TMS ^(h)
	Receipt of upgrading, repair and maintenance works	500	30	TLC ⁽ⁱ⁾ TBL ^(j)
	Receipt of tenant sales verification audit & special review	100	-	Pauline Tan Suat Ming ("PTSM") ^(k) Tony Tan Choon Keat ("TTCK") ^(l) Tan Chin Nam Sdn Bhd ("TCN") ^(m) Tan Kim Yeow Sdn Bhd ("TKY") ⁽ⁿ⁾ WST ^(o) Gabrielle Tan Hui Chween ("GTHC") ^(p)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Transacting Parties	RRPT Nature	Estimated Value RM'000	Actual Value FY23 RM'000	Interested RPs
IGB REIT ^(b)	Commercial leases, car parks and related services	20	12	IGBRM ^(e) IGBC ^(e) IGB ^(e)
	Receipt of chilled water	20,000	7,195	
Wah Seong (M) Trading Co. Sdn Bhd ("WST") Group ^(c)	Commercial leases, car parks and related services	1,000	504	DSRT ^(f) ETHN ^(g) TMS ^(h) TLC ⁽ⁱ⁾ TBL ^(j) PTSM ^(k) TTCK ^(l)
	Purchase of building materials, audio equipment, electrical equipment and related products and services	-	-	
	Receipt of installation and maintenance of light boxes, panels, signages, etc., and advertising	-	-	
Wasco Berhad ("Wasco") Group ^(d)	Commercial leases, car parks and related services	1,000	898	TCN ^(m) TKY ⁽ⁿ⁾ WST ^(o) GTHC ^(p)
	Purchase of building materials and related products/services	50	5	

- (a) 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.
- (b) 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.
- (c) The principal activities of WST Group are investment holding, trading in construction and building materials and other related products/services.
- (d) The principal activities of Wasco Group are specialised pipe coating and corrosion protection services; engineering, procurement and construction (EPC) of gas compressors and process equipment; renewable energy and industrial trading and services.
- (e) IGBRM is a wholly-owned subsidiary of IGBC, which in turn is wholly-owned by IGB; and a substantial UH of IGB REIT.
- (f) DSRT is Chairman and NINED of IGBRM and Wasco; NINED of IGB; a director of certain subsidiaries within IGB Group; a major shareholder ("SH") of IGB and Wasco; a major UH of IGBCR and IGB REIT; a director and/or a substantial SH of TKY Group and WST Group; a brother to PTSM and TTCK, and the father of ETHN and GTHC.
- (g) ETHN is ED and CEO 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.
- (h) TMS is ED and HSR of IGBRM; Deputy Group CEO and alternate to TLC on the board of IGB and WST; and a director of certain subsidiaries within IGB Group.
- (i) TLC is NINED of IGBRM; Chairman and NINED of IGB; a director of TCN Group and WST; and a sister of TBL.
- (j) TBL is Group CEO and ED of IGB; a director of certain subsidiaries within IGB Group, TCN Group and WST Group; and a brother of TLC.
- (k) PTSM is a director of TKY; a major UH of IGBCR and IGB REIT; a major SH of IGB and Wasco; a substantial SH of TKY Group and WST Group; and a sister of DSRT and TTCK.
- (l) TTCK is a director of TKY Group; a major UH of IGBCR and IGB REIT; a major SH of IGB and Wasco; a substantial SH of TKY Group and WST Group; and a brother of DSRT and PTSM.
- (m) TCN is a major UH of IGBCR and IGB REIT; a major SH of IGB and Wasco; a substantial SH of WST; and a person connected to TLC, TBL and TMS.
- (n) TKY is a major UH of IGBCR and IGB REIT; a major SH of IGB and Wasco; a substantial SH of WST; and a person connected to DSRT, PTSM, TTCK, ETHN and GTHC.
- (o) WST is a major UH of IGBCR and IGB REIT; a major SH of IGB and Wasco; and a person connected to DSRT, PTSM, TTCK, TCN and TKY.
- (p) GTHC is a director of certain subsidiaries within IGB Group; a daughter of DSRT; and a sister of ETHN.

Principle B: Effective Audit and Risk Management

AC

The AC, is chaired by HHD, who is a member of Malaysian Institute of Accountants and a former council member of the Malaysian Institute of Certified Public Accountants. The members of AC, as set out in their biographical details, have relevant financial experience as well as other fields of expertise and are highly qualified to formulate and review the integrity and reliability of IGBCR's quarterly and full-year financial results. None of AC members have had an employment relationship with the incumbent EA, PwC.

The AC is responsible for the oversight and monitoring of the integrity of published financial information, the adequacy and robustness of the system of internal control and the adequacy and effectiveness of the internal audit function and external audit. In discharging its functions, AC has been empowered by the Board to have necessary resources which are required to perform its duties, and full and unrestricted access to any information and documents relevant to its activities.

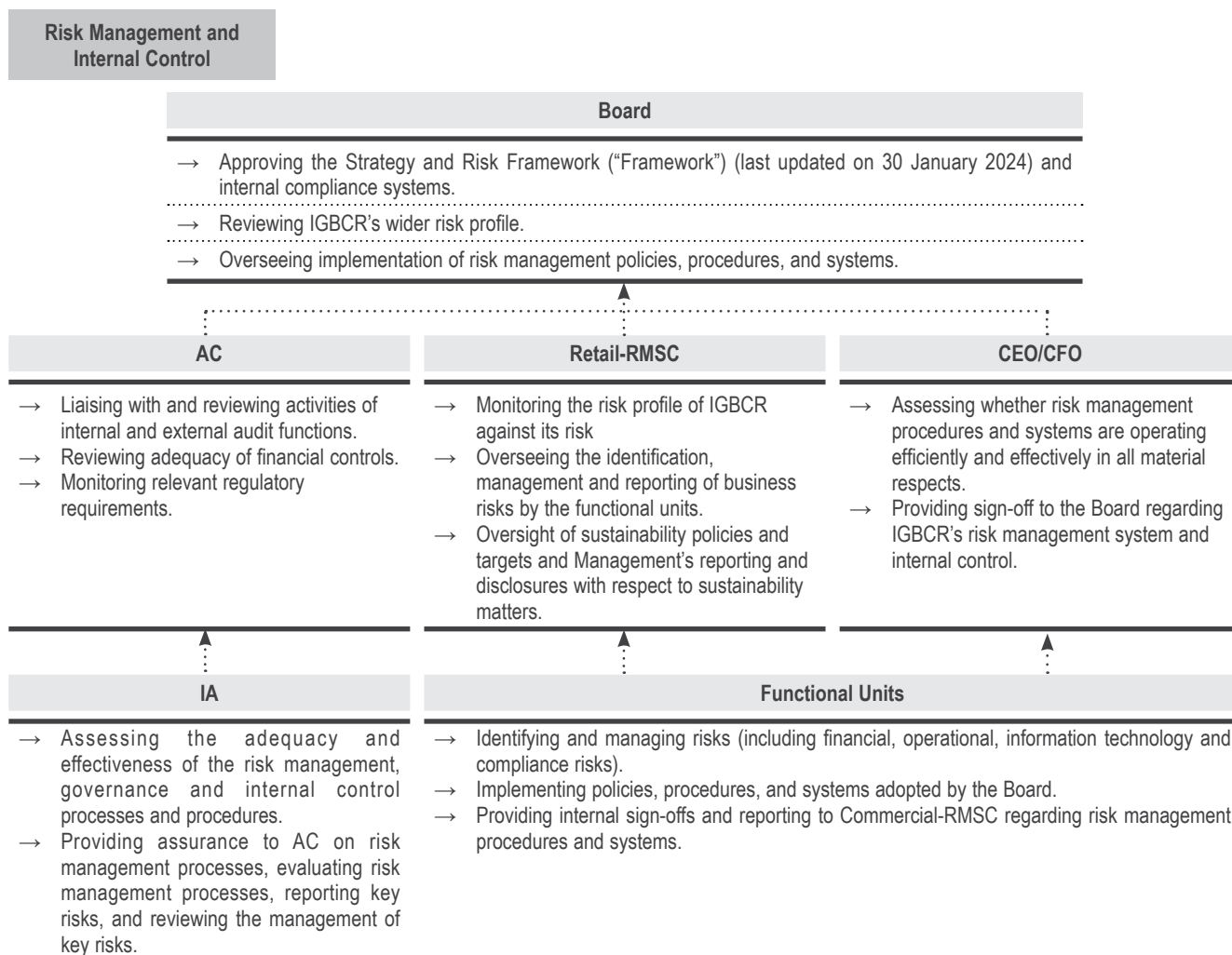
Meetings shall be held at least once a quarter or at a frequency to be decided by AC. Typically, the CEO, CFO, HOC/CS and Head of GIA, as well as EA are invited to attend meetings of AC. When required, other key executives are invited to attend to present and provide deeper insight on various topics as are required by AC to discharge its duties. The lead EA partner and Head of GIA have direct access to AC Chairman at all times and meet privately with AC at least twice every financial year to discuss any issue that need to be deliberated in the absence of KSM.

AC annually reviews the performance of EA based on 3 key areas: quality of service, sufficiency of resources and independence, objectivity, and professional scepticism. As part of the review, AC obtains feedback from CFO regarding the quality of the audit service. The AC also evaluates the appropriateness of audit fees to support the quality of the audit. In January 2024, AC conducted its formal annual assessment of the performance of EA.

The details of the matters discussed, deliberated and/or approved at AC meetings are shown in the **AC Report** section.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)



IGBCR’s approach to risk management and internal controls as well as the management of key business risks is set out in the SORMIC which has been reviewed by PwC.

IA function

The Manager adopts the principle that a robust internal control system is required to safeguard UHs’ interests, IGB REIT’s assets, and to manage risks. The Manager adopts the principle that a robust internal control system is required to safeguard UHs’ interests, IGBCR’s assets, and to manage risks.

As described above, the IA function is outsourced and undertaken by IGB’s GIAD, 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 risk management, internal control and governance processes of the Manager and IGBCR. The 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.

The IA adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to IGBCR’s principal risks and objectives. 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.

The scope of IA reviews is carried out in accordance with the yearly plans prepared by IA and approved by AC. The IA reports generally set out the results of the audit conducted in terms of the control environment assessment of risk management, operating effectiveness of internal controls, compliance with internal and regulatory requirements and overall management of the Manager and IGBCR, highlighting key control issues, significant risks and recommendations, along with management’s responses and action plans for improvement and/or rectification, where applicable. This enables AC to execute its oversight function by forming an opinion on the adequacy of internal controls implemented by management in IGBCR’s business operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Other than planned assurance engagements that have been included in 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 KSM and reported to AC for their approval. All reports issued for such engagements are communicated to the relevant members of KSM and AC.

The IA function also provides advisory services to Commercial-RMSC in the areas of risk management, sustainability, and business continuity.

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

During FY23, IA conducted its audit reviews based on 2023 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. Details of IA activities are disclosed in the **AC Report** section and the SORMIC.

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. 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 Manager and IGBCR have paid RM120,000 for IA services in FY23.

Principle C: Integrity Corporate Reporting and Meaningful Relationship with Stakeholders

Engagement with Stakeholders

IGBCR is committed to positive and meaningful stakeholder engagement. The Manager has implemented procedures to ensure that it provides relevant and timely information to IGBCR's UHs and to the broader investment community, in accordance with IGBCR's obligations under the Bursa continuous disclosure regime.

Good investor relations management is crucial in sustaining a high level of transparency and good governance

Timely, Transparent Disclosures	Proactive Investor Outreach	Proactive 2-way Communication with UHs
<p>The Manager is committed to keeping UHs and investment community well-informed of IGBCR's financial and operating performance.</p> <p>IGBCR's market disclosure protocol ensure that IGBCR discloses all market sensitive information to Bursa in a timely manner, in accordance with the MMLR and all UHs have timely and equal access to material information affecting IGBCR, including its financial position and operating performance, and governance.</p> <p>Material information affecting IGBCR are made public in a timely and transparent manner, via BursaLINK and concurrently at IGBCR's website at www.igbcomreit.com, which include among others, quarterly results overview that sets out in relation to IGBCR, an overview of its financial position, distribution statement, debt profile and information on its portfolio, comprising details of major tenants, tenancy expiry profile, occupancy rates, average monthly rent, new tenants and asset enhancement initiatives.</p> <p>The above, including robust and continuous communication with the investment community provide investors and members of the public with ease of accessibility to IGBCR's latest material information and updates.</p>	<p>The Manager values investors as major stakeholders of IGBCR and views investor engagement as an essential avenue to strengthen relationships and promote greater understanding of IGBCR's financial and operating performance, and future growth strategies.</p> <p>The Manager has a dedicated communication channel at investorrelations@igbcomreit.com to enable UHs and to a lesser extent, institutional investors to direct queries and obtain responses to their queries. In addition, the Manager conducts quarterly results briefings with institutional investors and allows research analysts a platform for question that they may have on IGBCR's financial and operating performance. The Manager ensures all institutional investors have equal access to information regarding IGBCR.</p> <p>In FY23, the Manager continued its investor outreach by way of frequent physical and virtual meetings, one-on-one and group sessions as well as quarterly results briefings for institutional investors.</p>	<p>UHs have the option to receive communications from and send communications to IGBCR and its unit registry electronically.</p> <p>IGBCR also engages with UHs via yearly AGM. The Manager has successfully organised a virtual 2023 AGM. The AGM notice to UHs was published on 28 February 2023, more than 28 days in advance of the AGM, to give UHs more time to register and send questions. Registered UHs were able to observe the AGM proceedings through a live audio-visual webcast. The AGM minutes, including matters approved by UHs, voting results and substantial and relevant comments and queries from UHs relating to the agenda together with responses from the Board and KSM, were published on IGBCR's website on 2 May 2023.</p> <p>IGBCR will conduct its AGM this year as a virtual meeting. Details of how UHs will be able to join, vote and submit questions in advance of the 2024 AGM can be found in the Notice of 2024 AGM 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.</p>

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:

- 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.
- 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.
- 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.
- 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.
- 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 2024, the Board approved updates to the Framework to include IGBCR's sustainability governance and responsibilities as well as updating IGBCR's risk profiling.

RISK MANAGEMENT

IGBCR's robust risk management is not designed to eliminate risks but to mitigate unexpected operational surprises and losses, reduce performance variability, improve resource deployment, identify and manage entity wide risks and also increase the range of opportunities.

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 their strategic plans and mitigation actions before submitting strategy and risk reports every quarter to the Commercial RMSC.

The Commercial RMSC maintains the database for the IGBCR functional units' strategies and risks and monitors 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 the Head of Strategy and Risk (HSR). 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.

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 currently being updated to improve its effectiveness 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 duties, obligations and responsibilities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

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 Group Cybersecurity Policy (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.

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 and reviewed by the Commercial RMSC.

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.
- Instil control-conscious and risk management culture and ensure proper tone at the top for an effective control environment.

Anticipation & Accountability

- Regular consortium of all heads of functional units to raise and review any and all significant risks and opportunities related to known and emerging changes in the operational and regulatory landscape.
- Construction of annual operating budgets and capital expenditure plans by all functional units, reviewed and approved by the 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 the CEO and CFO 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.



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31 December 2023

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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 2023.

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 2023:-

- 1.74 sen per unit (@1.70 sen taxable and 0.04 sen non-taxable) for the period from 1 January 2023 to 30 June 2023 of amount RM41.0 million which was paid on 29 August 2023
- 1.75 sen per unit (@1.69 sen taxable and 0.06 sen non-taxable) for the period from 1 July 2023 to 31 December 2023 of amount RM41.5 million which is payable on 29 February 2024

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:-

Dato' Seri Robert Tan Chung Meng	
Halim bin Haji Din	
Robert Ang Kim Pack	
Tan Lei Cheng	
Elizabeth Tan Hui Ning	
Tan Mei Sian	
Datuk Richard Lee Say Tshin	(Appointed on 1.11.2023)
Raymond Yeoh Cheng Seong	(Appointed on 1.11.2023)
Tan Sri Dato' Prof. Lin See Yan	(Retired on 31.12.2023)
Le Ching Tai @ Lee Chen Chong	(Retired on 31.12.2023)
Tan Boon Lee	(Resigned on 31.12.2023)

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 2023, 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 unit holdings in IGBCR, interests in the units of IGBCR as follows:-

	Number of units			Balance at 31.12.2023
	Balance at 1.1.2023	Addition	Disposal/ Transferred	
Dato' Seri Robert Tan Chung Meng				
Direct	5,330,424	10,000,000	-	15,330,424
Indirect	1,497,271,479	30,621,328	-	1,527,892,807
Tan Lei Cheng				
Direct	21,388,235	2,642,201	(2,243,226)	21,787,210
Elizabeth Tan Hui Ning				
Direct	520,000	316,200	-	836,200
Tan Mei Sian				
Direct	1,291,140	1,277,064	-	2,568,204

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:-

- (a) 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
- (b) 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:-

- (a) 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;
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Fund misleading; or
- (c) 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:-

- (a) 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
- (b) 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 2024.

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 2023 and of their financial performance and cash flows for the financial year ended 31 December 2023.

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 2024.

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 2024.

Before me:

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

TRUSTEE'S REPORT

To the Unitholders of IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST (Established In Malaysia)

We have acted as Trustee of IGB Commercial Real Estate Investment Trust ("IGBCR") for the financial year ended 31 December 2023. 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 2023 are in line with and are reflective of the objectives of IGBCR. Income distributions have been declared for the financial year ended 31 December 2023 as follows:-

- 1.74 sen per unit (@1.70 sen taxable and 0.04 sen non-taxable) for the period from 1 January 2023 to 30 June 2023 of amount RM41.0 million was paid on 29 August 2023
- 1.75 sen per unit (@1.69 sen taxable and 0.06 sen non-taxable) for the period from 1 July 2023 to 31 December 2023 of amount RM41.5 million which is payable on 29 February 2024

For and on behalf of the Trustee,
MTRUSTEE BERHAD

NURIZAN BINTI JALIL
CHIEF EXECUTIVE OFFICER

Selangor,
Date: 23 February 2024

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 2023, 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 2023 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, comprising material accounting policy information and other explanatory information, as set out on pages 93 to 131.

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) Fair value of investment properties</p> <p>As at 31 December 2023, 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 determined 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 estimates and judgements.</p>	<p>We evaluated the competency, capabilities and objectivity of the external valuer by considering their professional qualifications and recent experience in the location and segment of the investment properties being valued.</p> <p>We met with the 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 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) Fair value of investment properties (continued)</p> <p><i>Refer to Note 3(b) (Material Accounting Policy Information – Investment Properties), Note 4 (Critical Accounting Estimates and Judgements) and Note 5 (Investment Properties).</i></p>	<p>We assessed the reasonableness of capitalisation rates, outgoing expenses and allowance of void used by the external valuer, with references to comparable real estate investment trusts, and car park income and other income to historical trends.</p> <p>We discussed with the external valuer to understand the factors they have considered in adjusting the inputs, including consideration of current market conditions and long term perspective. We discussed with and challenged the external valuer on certain inputs and estimates with the involvement of auditors' experts.</p> <p>We assessed the sensitivity analysis prepared by management on the capitalisation rates on term and reversionary periods, the outgoing expenses and the allowance for void, where applicable.</p> <p>We assessed the adequacy of the disclosure in the Group's and the Fund's 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 2023 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 cease operations, 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

TAN CHIN YEE
03380/06/2024 J
Chartered Accountant

Kuala Lumpur
23 February 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Fund	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current assets					
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	-	-	24,247	22,186
Total non-current assets		3,161,000	3,161,000	3,185,247	3,183,186
Current assets					
Trade and other receivables	7	6,339	3,910	6,339	3,910
Cash and bank balances	8	128,564	118,963	104,317	96,777
Total current assets		134,903	122,873	110,656	100,687
Total assets		3,295,903	3,283,873	3,295,903	3,283,873
Financed by					
Unitholders' fund					
Unitholders' capital	9	2,334,673	2,318,740	2,334,673	2,318,740
Accumulated losses		(38,611)	(21,077)	(38,611)	(21,077)
Total unitholders' fund		2,296,062	2,297,663	2,296,062	2,297,663
Non-current liabilities					
Borrowings	10	848,387	847,791	-	-
Trade and other payables	11	-	-	848,387	847,791
Total non-current liabilities		848,387	847,791	848,387	847,791
Current liabilities					
Borrowings	10	5,046	4,868	3,243	3,239
Trade and other payables	11	146,408	133,551	148,211	135,180
Total current liabilities		151,454	138,419	151,454	138,419
Total liabilities		999,841	986,210	999,841	986,210
Total unitholders' fund and liabilities		3,295,903	3,283,873	3,295,903	3,283,873
Net asset value ("NAV")					
- before income distribution		2,378,837	2,377,337	2,378,837	2,377,337
- after income distribution		2,296,062	2,297,663	2,296,062	2,297,663
Number of units in circulation ('000 units)	9	2,365,488	2,334,867	2,365,488	2,334,867
NAV per unit (RM)					
- before income distribution		1.0056	1.0182	1.0056	1.0182
- after income distribution		0.9707	0.9841	0.9707	0.9841

* 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 2023

	Note	Group and Fund	
		2023 RM'000	2022 RM'000
Lease revenue		135,233	121,659
Revenue from contracts with customers		79,914	68,774
Revenue	12	215,147	190,433
Utilities expenses		(26,749)	(19,476)
Maintenance expenses		(19,802)	(16,707)
Quit rent and assessment		(14,091)	(13,998)
Reimbursement costs and other operating expenses	13	(26,704)	(26,631)
Property operating expenses		(87,346)	(76,812)
Net property income		127,801	113,621
Interest income		3,204	2,159
Changes in fair value of investment properties		(2,223)	-
Net investment income		128,782	115,780
Manager's management fees	14	(16,246)	(15,484)
Trustees' fees		(465)	(464)
Valuation fees		(180)	(180)
Other trust expenses		(542)	(324)
Finance costs	15	(46,108)	(36,259)
		(63,541)	(52,711)
Profit before taxation		65,241	63,069
Taxation	16	-	-
Profit after taxation		65,241	63,069
Other comprehensive income, net of tax		-	-
Total comprehensive income attributable to unitholders		65,241	63,069
Profit after taxation/Total comprehensive income is made up as follows:-			
Realised		67,464	63,069
Unrealised		(2,223)	-
		65,241	63,069
Basic earnings per unit (sen)	17	2.77	2.72
Diluted earnings per unit (sen)	17	2.76	2.72
Total comprehensive income		65,241	63,069
Distribution adjustments	18	19,064	16,397
Distributable income		84,305	79,466
Distribution per unit (sen)	18	3.49	3.42

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 2023

	Note	Unitholders' capital RM'000	Accumulated losses RM'000	Total unitholders' funds RM'000
Group and Fund				
As at 1 January 2023		2,318,740	(21,077)	2,297,663
Profit after tax/Total comprehensive income for the year attributable to unitholders		-	65,241	65,241
Distribution to unitholders	18	-	(82,775)	(82,775)
Net total comprehensive loss for the year attributable to unitholders		-	(17,534)	(17,534)
Unitholders' transactions				
Manager's management fees paid in Units	9	15,933	-	15,933
Increase in net assets resulting from unitholders' transactions		15,933	-	15,933
As at 31 December 2023		2,334,673	(38,611)	2,296,062
As at 1 January 2022				
		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)
Unitholders' transactions				
Manager's management fees paid in Units	9	15,723	-	15,723
Increase in net assets resulting from unitholders' transactions		15,723	-	15,723
As at 31 December 2022		2,318,740	(21,077)	2,297,663

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023

	Note	Group		Fund	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit before taxation		65,241	63,069	65,241	63,069
<i>Adjustments for:-</i>					
Manager's management fee payable in Units		16,246	15,484	16,246	15,484
Impairment of trade receivables		24	66	24	66
Fair value loss on investment properties		2,223	-	2,223	-
Finance costs		46,108	36,259	46,108	36,259
Interest income		(3,204)	(2,159)	(3,204)	(2,159)
Operating income before changes in working capital		126,638	112,719	126,638	112,719
Net change in trade and other receivables		(3,059)	790	(3,059)	790
Net change in trade and other payables		5,674	24	5,674	24
Net cash generated from operating activities		129,253	113,533	129,253	113,533
Cash flows from investing activities					
Addition of investment properties		(2,223)	-	(2,223)	-
Interest received		3,810	2,627	3,149	2,256
Advance to a subsidiary company		-	-	(1,400)	(5,820)
Movement in pledged deposit		-	15,887	-	-
Net cash generated from/(used in) investing activities		1,587	18,514	(474)	(3,564)
Cash flows from financing activities					
Interest paid		(45,334)	(35,056)	(45,334)	(35,056)
Distribution paid to Unitholders		(75,905)	(71,482)	(75,905)	(71,482)
Net cash used in financing activities		(121,239)	(106,538)	(121,239)	(106,538)
Net increase in cash and cash equivalents		9,601	25,509	7,540	3,431
Cash and cash equivalents at beginning of the financial year		118,963	93,454	96,777	93,346
Cash and cash equivalents at end of the financial year	8	128,564	118,963	104,317	96,777

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:-

Registered office

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

Principal place of business

Menara IGB & IGB Annexe ("MIGB"), Centrepoint South ("CPS"), Centrepoint North ("CPN"), 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 2023 were authorised for issue in accordance with a resolution by the Directors of the Manager on 23 February 2024.

(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 Manager 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

1 GENERAL (continued)

(B) Fee Structure (continued)

(b) Manager's management fees (continued)

- iii) an acquisition fee of 1.0% of the transaction value (being total purchase consideration) of any real estate and real estate-related assets directly or indirectly acquired from time to time by the Trustee or one or more special purpose vehicle ("SPV") on behalf of IGBCR pro-rated, if applicable, to the proportion of IGBCR's interest.

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

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

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

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

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

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

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

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

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

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

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

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-Over 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

1 GENERAL (continued)

(B) Fee Structure (continued)

(b) Manager's management fees (continued)

iv) (continued)

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.

(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.

(C) Other information

(a) Net asset value

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

(b) Distribution of income

Distribution of income should only be made from realized gains or realized 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, cash flow for distribution, stability and sustainability of income and the investment objective and distribution policy of IGBCR. Liability is recognized for the amount of any distribution of income not distributed at the end of the reporting period.

Distribution adjustments are disclosed in Note 18.

(c) 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.

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 material accounting policy information.

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 2023:-

- Amendments to MFRS 101, MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- MFRS 108 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS 112 'International Tax Reform—Pillar Two Model Rules'

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2 BASIS OF PREPARATION (continued)

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

The new standards and amendments to standards and interpretations that are effective for financial year beginning after 1 January 2023 and are applicable to the Group and the Fund are as follows:-

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024)
- Amendments to MFRS 101 'Presentation of Financial Statements' and 'Non-current Liabilities with Covenants' (effective 1 January 2024)

The adoption of the above amendments 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 MATERIAL ACCOUNTING POLICY INFORMATION

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(a) Consolidation (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) Financial assets (continued)

(iii) Initial measurement

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

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

(iv) Subsequent measurement – gain or loss

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

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

(v) Subsequent measurement – Impairment

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

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

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

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) months 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) Financial assets (continued)

(v) Subsequent measurement – Impairment (continued)

Significant increase in credit risk (continued)

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.

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 significant 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 balances

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Trade and other receivables (continued)

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

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

(f) Trade and other payables

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

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

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on 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 interest method; any difference between initial recognised amount 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 services 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(i) Borrowings (continued)

Borrowings subject to IBOR reform (continued)

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(l)(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.

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(l)(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 measured at the transaction price.

(iii) Utilities recoverable

Utilities recoverable 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 recoverable 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) 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(k) Income tax (continued)

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.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(I) Leases (continued)

(a) Accounting by lessee (continued)

Lease liabilities (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(l) Leases (continued)

(b) Accounting by lessor (continued)

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.

(m) 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.

(n) Earnings per unit

Basic EPU is calculated by dividing the profit after taxation/total comprehensive income attributable to unitholders by the weighted average number of Units outstanding during the financial year.

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

(o) 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.

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 valuations of investment properties were carried out by an external valuer. There are complexities in determining the fair value of the investment properties which involves significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumptions to be applied.

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, capitalization rate and allowance for void. The valuations are compared with actual market yield data 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	
	2023	2022
	RM'000	RM'000
As at 1 January	3,161,000	3,161,000
Addition resulting from subsequent capital expenditure	2,223	-
Changes in fair value	(2,223)	-
As at 31 December	3,161,000	3,161,000

On 17 September 2021, IGBCR acquired the investment properties of which the consideration 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.

Investment properties as at 31 December 2023 and 31 December 2022 are stated at fair value based on the valuations performed independent registered valuer, Henry Butcher Malaysia Sdn. Bhd. ("Henry Butcher"). Henry Butcher holds a recognized and relevant professional qualification and has relevant experience in the locations and segments of the investment properties being valued. These valuations were approved by the Board of Directors of the Manager.

Based on the valuation reports dated 8 January 2024 issued by Henry Butcher, the fair values for all of the properties as at 31 December 2023 amounted to RM3.161 billion (2022: RM3.161 billion).

Fair value is determined based on income approach method using Level 3 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, upgrade expenses as well as management expenses, are then deducted from the rental income. Thereafter, the net annual rental income is recognized at an appropriate current market yield to arrive at its fair value. Changes in fair value are recognized 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	-	utilities recoverable and other miscellaneous income;
Outgoings	-	mainly quit rent and assessment, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, upgrade expenses 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 as well as vacancy periods.

There has been no change to the valuation techniques used during the financial year.

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 31.12.2023 RM'000	Fair value at acquisition RM'000	Percentage of fair value to NAV*4 as at 31.12.2023 %
MIGB	17.09.2021	31.12.2023	Kuala Lumpur	Leasehold*1	189,000	188,900	8.2
CPS	17.09.2021	31.12.2023	Kuala Lumpur	Leasehold*1	193,000	190,500	8.4
CPN	17.09.2021	31.12.2023	Kuala Lumpur	Leasehold*1	196,000	196,500	8.5
BOR	17.09.2021	31.12.2023	Kuala Lumpur	Leasehold*1	80,000	78,000	3.5
TGST	17.09.2021	31.12.2023	Kuala Lumpur	Leasehold*2	396,000	391,500	17.2
TGNT	17.09.2021	31.12.2023	Kuala Lumpur	Leasehold*2	386,000	382,100	16.8
SPOR	17.09.2021	31.12.2023	Kuala Lumpur	Leasehold*3	572,000	573,500	24.9
MTT	17.09.2021	31.12.2023	Kuala Lumpur	Freehold	248,000	239,100	10.8
GT	17.09.2021	31.12.2023	Kuala Lumpur	Freehold	723,000	739,800	31.5
HPO	17.09.2021	31.12.2023	Kuala Lumpur	Freehold	178,000	180,600	7.8
					3,161,000	3,160,500	

	Date of acquisition	Date of valuation	Location	Tenure	Fair value as at 31.12.2022 RM'000	Fair value at acquisition RM'000	Percentage of fair value to NAV*4 as at 31.12.2022 %
MIGB	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold*1	189,000	188,900	8.2
CPS	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold*1	193,000	190,500	8.4
CPN	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold*1	196,000	196,500	8.5
BOR	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold*1	80,000	78,000	3.5
TGST	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold*2	396,000	391,500	17.2
TGNT	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold*2	386,000	382,100	16.8
SPOR	17.09.2021	31.12.2022	Kuala Lumpur	Leasehold*3	572,000	573,500	24.9
MTT	17.09.2021	31.12.2022	Kuala Lumpur	Freehold	248,000	239,100	10.8
GT	17.09.2021	31.12.2022	Kuala Lumpur	Freehold	723,000	739,800	31.5
HPO	17.09.2021	31.12.2022	Kuala Lumpur	Freehold	178,000	180,600	7.7
					3,161,000	3,160,500	

Notes:-

*1 The lease has a period of 83 years expiring on 11 April 2104 (remaining lease term of 82 years (2022: 83 years))

*2 The lease has a period of 99 years expiring on 6 June 2103 (remaining lease term of 81 years (2022: 82 years))

*3 The lease has a period of 99 years expiring on 21 March 2120 (remaining lease term of 98 years (2022: 99 years))

*4 Based on NAV after income distribution.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

5 INVESTMENT PROPERTIES (continued)

The fair value measurements using Level 3 inputs as at 31 December 2023 were as follows:-

Group and Fund

Valuation technique	Fair value RM'000	Parameters				Sensitivity analysis on fair value measurements*1						
		Capitalisation rates				Allowance for void	Impact of lower capitalisation rate	Impact of higher capitalisation rate	Impact of lower outgoing	Impact of higher outgoing	Impact of lower allowance for void	Impact of higher allowance for void
		Term period	Reversionary period	Car park and other income	Outgoings							
Income approach	3,161,000	4.00 - 5.75	4.25 - 6.00	5.75 - 6.00	1.30 - 1.82	5.0 - 15.0	137,700	(102,400)	153,200	(129,500)	119,000	(95,300)
	<u>3,161,000</u>						<u>137,700</u>	<u>(102,400)</u>	<u>153,200</u>	<u>(129,500)</u>	<u>119,000</u>	<u>(95,300)</u>

The fair value measurements using Level 3 inputs as at 31 December 2022 were as follows:-

Group and Fund

Valuation technique	Fair value RM'000	Parameters				Sensitivity analysis on fair value measurements*1						
		Capitalisation rates				Allowance for void	Impact of lower capitalisation rate	Impact of higher capitalisation rate	Impact of lower outgoing	Impact of higher outgoing	Impact of lower allowance for void	Impact of higher allowance for void
		Term period	Reversionary period	Car park and other income	Outgoings							
Income approach	3,161,000	4.00 - 5.75	4.25 - 6.00	6.00	1.20 - 1.82	5.0 - 15.0	123,400	(114,100)	139,000	(139,700)	105,100	(105,100)
	<u>3,161,000</u>						<u>123,400</u>	<u>(114,100)</u>	<u>139,000</u>	<u>(139,700)</u>	<u>105,100</u>	<u>(105,100)</u>

Notes:-

*1 Changes in capitalisation rates on term and reversionary periods by 25 basis points, outgoings per square feet by RM0.20 and allowance for void by 250 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 RM135,233,000 (2022: RM121,659,000) (Note 12).

Direct operating expenses arising from investment properties during the financial year is RM87,346,000 (2022: RM76,812,000), as disclosed under property operating expenses in the 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	
	2023 RM'000	2022 RM'000
At cost		
Unquoted shares	-*	-*

* Denotes RM2

Name of company	Principal activities	Place of incorporation	Group's effective interest (%)	
			2023	2022
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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Amount due from subsidiary	-	-	24,247	22,186
Total – non-current	-	-	24,247	22,186
Current				
Trade receivables	1,982	1,198	1,982	1,198
Less: Loss allowance	(90)	(66)	(90)	(66)
Trade receivables – net	1,892	1,132	1,892	1,132
Deferred lease incentives	588	318	588	318
	2,480	1,450	2,480	1,450
Amounts due from related companies	50	448	50	448
Amounts due from holding company	-	*	-	*
Other receivables	1,802	912	1,802	912
Deposits	984	941	984	941
	2,836	2,301	2,836	2,301
Prepayments	324	159	324	159
Cost to lease	699	-	699	-
	3,859	2,460	3,859	2,460
Total – current	6,339	3,910	6,339	3,910
Total trade and other receivables	6,339	3,910	30,586	26,096

* Amount below RM1,000.

The credit terms of trade receivables were 7 days (2022: 7 days).

The amounts due from holding and 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 the Debt Service Reserve Account pursuant to Medium Term Notes (Note 10), which is unsecured, repayable on demand and bears an interest rate of 3.25% (2022: 2.75%) 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 2023.

8 CASH AND CASH EQUIVALENTS

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash in hand	15	16	15	16
Bank balances	10,493	9,061	10,488	9,056
Deposits placed with licensed banks	118,056	109,886	93,814	87,705
Cash and cash equivalents	128,564	118,963	104,317	96,777

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8 CASH AND CASH EQUIVALENTS (continued)

Included in the deposits placed with licensed banks of the Group is a pledged deposit of RM24.1 million (2022: RM22.1 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 3.25% (2022: 2.75%) per annum as at reporting date. The amount has been presented as part of cash and cash equivalent as at 31 December 2023 in line with the IFRS Interpretations Committee ("IFRIC") agenda decision on demand deposits with restrictions on use arising from a contract with third party.

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 3.17% (2022: 2.71%) per annum and 3.15% (2022: 2.70%) per annum respectively.

Deposits with licensed banks of the Group and the Fund have a weighted average maturity of 49 days (2022: 21 days) and 54 days (2022: 18 days) respectively.

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

Group	Borrowings RM'000	Distribution payable to unitholders RM'000	Total RM'000
As at 1 January 2023	852,659	34,675	887,334
Cash flows:-			
Interest paid	(45,216)	-	(45,216)
Payment to unitholders	-	(75,905)	(75,905)
	(45,216)	(75,905)	(121,121)
Non-cash changes:-			
Interest charged during the financial year	45,395	-	45,395
Amortisation of transaction costs	595	-	595
Distribution to unitholders	-	82,775	82,775
	45,990	82,775	128,765
As at 31 December 2023	853,433	41,545	894,978
As at 1 January 2022	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
As at 31 December 2022	852,659	34,675	887,334

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8 CASH AND CASH EQUIVALENTS (continued)

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

Fund	Amount due to subsidiary	Borrowings	Distribution payable to unitholders	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	849,420	3,239	34,675	887,334
Cash flows:-				
Interest paid	(45,075)	(141)	-	(45,216)
Payment to shareholder	-	-	(75,905)	(75,905)
	(45,075)	(141)	(75,905)	(121,121)
Non-cash changes:-				
Interest charged during the financial year	45,250	145	-	45,395
Amortisation of transaction costs	595	-	-	595
Distribution to unitholders	-	-	82,775	82,775
	45,845	145	82,775	128,765
As at 31 December 2023	850,190	3,243	41,545	894,978
As at 1 January 2022	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
As at 31 December 2022	849,420	3,239	34,675	887,334

9 UNITHOLDERS' CAPITAL

	Note	Group and Fund			
		2023		2022	
		Number of units '000	Value RM'000	Number of units '000	Value RM'000
Issued and fully paid up:					
As at 1 January		2,334,867	2,318,740	2,308,198	2,303,017
Issuance of new Units:					
- manager's fee paid in Units	a	30,621	15,933	26,669	15,723
As at 31 December		2,365,488	2,334,673	2,334,867	2,318,740

NOTES TO THE FINANCIAL STATEMENTS

(continued)

9 UNITHOLDERS' CAPITAL (continued)

Issuance of Units

(a) All Manager's management fees was paid/payable in Units. Total Manager's management fees paid/payable in Units are disclosed in Note 14.

Unitholdings of IGBCR's substantial unitholders, Manager and Manager's Directors' are as follows:

	2023		2022	
	Number of units	Market Value	Number of units	Market Value
	'000	RM'000	'000	RM'000
Direct unitholdings of IGBCR's substantial unitholders				
IGB Berhad	1,199,890	581,947	1,199,890	653,940
Dato' Seri Robert Tan Chung Meng	15,330	7,435	5,330	2,905
Tan Chin Nam Sendirian Berhad	130,616	63,349	147,991	80,655
Tan Kim Yeow Sendirian Berhad	67,735	32,852	67,735	36,916
Wah Seong (Malaya) Trading Co. Sdn Bhd	174,081	84,429	174,081	94,874
Pauline Tan Suat Ming	4,227	2,050	4,227	2,304
Indirect unitholdings of IGBCR's substantial unitholders				
IGB Berhad	58,189	28,222	27,567	15,024
Dato' Seri Robert Tan Chung Meng	1,527,893	741,028	1,497,271	816,013
Tan Chin Nam Sendirian Berhad	1,528,936	741,534	1,498,315	816,581
Tan Kim Yeow Sendirian Berhad	1,460,157	708,176	1,429,536	779,097
Wah Seong (Malaya) Trading Co. Sdn Bhd	1,286,077	623,747	1,255,455	684,223
Pauline Tan Suat Ming	1,527,893	741,028	1,497,271	816,013
Tony Tan Choon Keat	1,527,893	741,028	1,497,271	816,013
Direct unitholdings of the Manager in IGBCR				
IGB REIT Management Sdn Bhd	58,189	28,222	27,567	15,024
Direct unitholdings of the Manager's Director in IGBCR				
Dato' Seri Robert Tan Chung Meng	15,330	7,435	5,330	2,905
Tan Lei Cheng	21,787	10,567	21,388	11,657
Elizabeth Tan Hui Ning	836	406	520	283
Tan Mei Sian	2,568	1,246	1,291	704
Indirect unitholdings of the Manager's Director in IGBCR				
Dato' Seri Robert Tan Chung Meng	1,527,893	741,028	1,497,271	816,013

The market value of the units was computed based on the closing market price as at 31 December 2023 of RM0.485 (2022: RM0.545)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

10 BORROWINGS

	Note	Group		Fund	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current (secured):					
Medium Term Notes	a	1,803	1,629	-	-
Revolving Credit	b	3,243	3,239	3,243	3,239
		5,046	4,868	3,243	3,239
Non-current (secured):					
Medium Term Notes	a	848,387	847,791	-	-
		848,387	847,791	-	-
Total		853,433	852,659	3,243	3,239

(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 RM850.0 million which was advanced to the Fund to part finance the acquisitions of all of the properties. The MTN has been initially measured at its fair value of RM850.0 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 and it consists of 3 series. Series 1, Series 2 and Series 3 amounted to RM 544.0 million, RM136.0 million, RM170.0 million respectively with legal maturity date of 15 March 2030, 17 March 2031, 17 March 2032 respectively; and expected maturity date of 17 September 2026, 17 September 2027 and 18 September 2028 respectively.

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 RM850.0 million has to be fully repaid on Expected Maturity. Otherwise it will cause a trigger event that will result in the 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;
- (vii) a letter of undertaking from the Trustee and the Manager:-
 - (a) to deposit all cash flows generated from 9 properties into the revenue account; and
 - (b) it shall not declare or make any distributions out of the cash flows from the revenue account to the unitholders if an event of default and/or a trigger event has occurred and is continuing or the financial covenants are not met; and
- (viii) a first party legal assignment over the Tranche 1, MTN's Trustee financing agreement.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

10 BORROWINGS (continued)

(b) Revolving Credit

IGBCR has obtained a Revolving Credit ("RC") facility of up to RM50.0 million for working capital and bears KLIBOR + 1% per annum or at minimum rate of 1.70% per annum, whichever higher. 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
Group					
<u>As at 31 December 2023</u>					
Tranche 1, MTN	1,803	-	544,000	304,387	850,190
RC	3,243	-	-	-	3,243
	<u>5,046</u>	<u>-</u>	<u>544,000</u>	<u>304,387</u>	<u>853,433</u>
<u>As at 31 December 2022</u>					
Tranche 1, MTN	1,629	-	-	847,791	849,420
RC	3,239	-	-	-	3,239
	<u>4,868</u>	<u>-</u>	<u>-</u>	<u>847,791</u>	<u>852,659</u>
Fund					
<u>As at 31 December 2023</u>					
RC	3,243	-	-	-	3,243
	<u>3,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,243</u>
<u>As at 31 December 2022</u>					
RC	3,239	-	-	-	3,239
	<u>3,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,239</u>

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

	Group		Fund	
	2023 per annum	2022 per annum	2023 per annum	2022 per annum
Tranche 1, MTN	5.53%	5.38%	-	-
RC	4.62%	4.11%	4.62%	4.11%

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	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Amount due to a subsidiary	a	-	-	848,387	847,791
Current					
Tenants' deposits	b	80,082	75,510	80,082	75,510
Trade and other payables and accrued expenses	c	11,600	10,697	11,600	10,697
Indirect tax payable		34	59	34	59
Prepaid rental		4,692	4,874	4,692	4,874
Lease incentive liabilities		-	1,702	-	1,702
Amount due to subsidiary	a	-	-	1,803	1,629
Amounts due to related companies	c	5,402	4,146	5,402	4,146
Distribution payable to unitholders		41,545	34,675	41,545	34,675
Contract liabilities	d	3,053	1,888	3,053	1,888
		66,326	58,041	68,129	59,670
Total current trade and other payables		146,408	133,551	148,211	135,180
Total trade and other payables		146,408	133,551	996,598	982,971

- (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 (2022: 30 days to 90 days).
- (d) Contract liabilities consist of advance receipts from tenants for the payment of service charges, utilities and car park season pass. Contract liabilities are analysed as follows:-

	Group and Fund	
	2023 RM'000	2022 RM'000
As at 1 January	1,888	-
Revenue recognised that was included in the balance at the beginning of the financial year	(1,888)	-
Revenue recognised during the financial year	(75,554)	(56,532)
Less: Billings during the financial year	78,607	58,420
As at 31 December	3,053	1,888

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12 REVENUE

	Group and Fund	
	2023	2022
	RM'000	RM'000
<u>Lease revenue</u>		
- Rental income	135,233	121,659
	<u>135,233</u>	<u>121,659</u>
<u>Revenue from contracts with customers</u>		
- Service charge	61,320	56,532
- Car park income	8,661	6,062
- Utilities recoverable	7,461	4,510
- Others	2,472	1,670
	<u>79,914</u>	<u>68,774</u>
Gross revenue	<u>215,147</u>	<u>190,433</u>
Revenue from contracts with customers is recognised:-		
- Over time	<u>79,914</u>	<u>68,774</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	
	2023	2022
	RM'000	RM'000
Manpower costs	18,716	18,189
Marketing expenses	1,966	2,232
Administration expenses	2,027	2,297
Management expenses	2,893	2,904
Insurance premium	1,102	1,009
	<u>26,704</u>	<u>26,631</u>

14 MANAGER'S MANAGEMENT FEES

	Group and Fund	
	2023	2022
	RM'000	RM'000
Base fee	9,856	9,803
Performance fee	6,390	5,681
	<u>16,246</u>	<u>15,484</u>

The Manager's management fees for the financial year ended 31 December 2023 amounting to RM12,095,000 (2022: RM11,646,000) has been paid in Units and the remaining amount of RM4,151,000 (2022: RM3,838,000) was paid in Units on 7 February 2024.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

15 FINANCE COSTS

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on:				
- MTN and RC	45,990	36,191	145	426
- advances from subsidiary	-	-	45,845	35,765
- others	118	68	118	68
	46,108	36,259	46,108	36,259

16 TAXATION

	Group and Fund	
	2023 RM'000	2022 RM'000
Reconciliation of tax expense		
Profit before taxation	65,241	63,069
Income tax using Malaysian tax rate of 24% (2022: 24%)	15,658	15,137
Non-deductible expenses	1,188	737
Income exempted from tax	(16,846)	(15,874)
	-	-

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 2023 is approximately 97.5% (2022: 100%) of the total distributable income, no provision for income taxation has been made for the current financial year.

17 EARNINGS PER UNIT ("EPU") – BASIC AND DILUTED

The calculation of EPU is based on profit attributable to unitholders divided by the weighted average number of Units.

	Note	Group and Fund	
		2023 RM'000	2022 RM'000
Profit Attributable to Unitholders			
- Realised		67,464	63,069
- Unrealised		(2,223)	-
Total		65,241	63,069
Weighted average number of Units ('000)			
Weighted average number of Units in issue		2,351,251	2,322,701
Adjustment for Manager's management fees payable in Units	a	8,419	6,661
Weighted average number of Units for diluted EPU		2,359,670	2,329,362

NOTES TO THE FINANCIAL STATEMENTS

(continued)

17 EARNINGS PER UNIT (“EPU”) – BASIC AND DILUTED (continued)

	Group and Fund	
	2023	2022
	RM'000	RM'000
Basic EPU (sen)		
- Realised	2.87	2.72
- Unrealised	(0.10)	-
Total	<u>2.77</u>	<u>2.72</u>
Diluted EPU (sen)		
- Realised	2.86	2.72
- Unrealised	(0.10)	-
Total	<u>2.76</u>	<u>2.72</u>

Note (a):-

	Group and Fund			
	2023		2022	
	Number of units	Value	Number of units	Value
	'000	RM'000	'000	RM'000
Manager's management fees payable in Units				
- from 1 October 2023 to 31 December 2023 at RM0.493 per Unit listed on 7 February 2024	8,419	4,151	-	-
- from 1 October 2022 to 31 December 2022 at RM0.576 per Unit listed on 31 January 2023	-	-	6,661	3,838
			<u>6,661</u>	<u>3,838</u>

18 DISTRIBUTION TO UNITHOLDERS

	Note	Group and Fund	
		2023	2022
		RM'000	RM'000
Total comprehensive income		65,241	63,069
Distribution adjustments	a	19,064	16,397
Distributable income		<u>84,305</u>	<u>79,466</u>
Distribution per unit (sen)			
- for the period from 1 January 2023 to 30 June 2023		1.74	-
- for the period from 1 July 2023 to 31 December 2023		1.75	-
- 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
		<u>3.49</u>	<u>3.42</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

18 DISTRIBUTION TO UNITHOLDERS (continued)

	Note	Group and Fund	
		2023 RM'000	2022 RM'000
<u>Sources of distribution</u>			
Lease revenue		135,233	121,659
Revenue from contracts with customers		79,914	68,774
Interest income		3,204	2,159
		<u>218,351</u>	<u>192,592</u>
Changes in fair value of investment properties		(2,223)	-
Less: Expenses		(150,887)	(129,523)
Total comprehensive income		<u>65,241</u>	<u>63,069</u>
Distribution adjustments	a	<u>19,064</u>	<u>16,397</u>
Distributable income		<u>84,305</u>	<u>79,466</u>
Income distribution of 1.74 sen per unit (@1.70 sen taxable and 0.04 sen non-taxable) for the period from 1 January 2023 to 30 June 2023		(41,018)	-
Income distribution of 1.75 sen per unit (@1.69 sen taxable and 0.06 sen non-taxable) for the period from 1 July 2023 to 31 December 2023		(41,545)	-
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)
Adjustment for (over)/under provision of income distribution		-	141
Income retained		<u>1,742</u>	<u>-</u>

	Note	Group and Fund	
		2023 RM'000	2022 RM'000
<u>Note (a):-</u>			
Distribution adjustments comprise:-			
Manager's management fees payable in Units	14	16,246	15,484
Amortisation of transaction costs		595	913
Changes in fair value of investment properties		2,223	-
		<u>19,064</u>	<u>16,397</u>

Withholding tax will be deducted for distributions as follows:-

	Withholding tax rate	
	2023	2022
Resident corporate	N/A [^]	N/A [^]
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	24%	24%
Non-resident institutional	10%	10%

[^] to tax at prevailing rate

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19 MANAGEMENT EXPENSE RATIO

	Group and Fund	
	2023	2022
Management expense ratio ("MER") (%)	0.76	0.72

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 which is primarily generating rental income from the office tower tenants within the investment properties portfolio of the Group and of the Fund, which comprises all of the 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	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Financial assets at amortised cost</u>					
Assets as per statement of financial position:-					
- Trade and other receivables excluding prepayments, deferred lease incentives and cost to lease	7	4,728	3,433	28,975	25,619
- Cash and bank balances	8	128,564	118,963	104,317	96,777
Total financial assets		133,292	122,396	133,292	122,396
<u>Financial liabilities at amortised cost</u>					
Liabilities as per statement of financial position:-					
- Borrowings	10	853,433	852,659	3,243	3,239
- Trade and other payables excluding indirect tax payable, lease incentives liabilities, prepaid rental and contract liabilities	11	138,629	125,028	988,819	974,448
Total financial liabilities		992,062	977,687	992,062	977,687

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

22.1 Financial risk factors (continued)

(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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Increase/(Decrease) to profit after tax and equity if:				
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 2023</u>							
Trade receivables (gross)	-	-	1,358	168	6	450	1,982
Loss allowance	-	-	-	-	-	(90)	(90)
Trade receivables (net)	-	-	1,358	168	6	360	1,892
Expected credit loss rate*	0%	0%	0%	0%	0%	100%	
<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%	

* 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	
	2023 RM'000	2022 RM'000
As at 1 January	66	-
Loss allowance	24	66
As at 31 December	90	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)

The Group and the Fund are in net current liabilities position as at 31 December 2023. Notwithstanding the above, the Group and the Fund has undrawn RC facility of RM46.8 million (2022: RM46.8 million) available for working capital purposes. Cash and bank balances as at 31 December 2023 of the Group and of the Fund of RM128.6 million and RM104.3 million (2022: RM119.0 million and RM96.8 million) respectively are expected to assist in the liquidity and cash flow risk management.

The analysis of the non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date is as follows:-

Group	<1 year 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 2023</u>					
Borrowings	50,235	47,005	582,269	327,434	1,006,943
Trade and other payables and accruals excluding indirect tax payable, lease incentives liabilities, prepaid rental and contract liabilities	138,629	-	-	-	138,629
<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>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 2023</u>					
Borrowings	3,230	-	-	-	3,230
Trade and other payables and accruals excluding indirect tax payable, lease incentives liabilities, prepaid rental and contract liabilities	187,437	47,005	582,268	327,434	1,144,144
<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

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total borrowings	853,433	852,659	3,243	3,239
Total borrowings from subsidiary	-	-	850,190	849,420
Total assets	3,295,903	3,283,873	3,295,903	3,283,873
Borrowings to total assets ratio (%)	26%	26%	26%	26%

The total borrowings should not exceed 50% of the total assets at the time the borrowings are incurred in accordance with the REIT Guideline. The Group and the Fund complied with the borrowing limit for the financial year ended 31 December 2023.

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 RM850.0 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 2023, the Group and the Fund distributed 97.5% 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	
	2023	2022
	RM'000	RM'000
Level 3		
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	
	2023	2022
	RM'000	RM'000
Less than one (1) year	125,969	123,554
Between one (1) and two (2) years	76,110	84,762
Between two (2) and three (3) years	21,624	38,569
Between three (3) and four (4) years	249	2,465
Between four (4) and five (5) years	-	-
	223,952	249,350

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24 REMAINING PERFORMANCE OBLIGATIONS

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

	Group and Fund	
	2023	2022
	RM'000	RM'000
Service charges:		
- Less than one (1) year	55,715	55,729
- Between one (1) and two (2) years	32,811	38,686
- Between two (2) and three (3) years	8,823	17,667
- Between three (3) and four (4) years	97	972
- Between four (4) and five (5) years	-	-
	97,446	113,054

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 Centrepont 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Significant related party transactions for the financial year:-				
<u>Receivables</u>				
1) Rental of premises				
- IGB Berhad	4,258	4,203	4,258	4,203
- IGB Digital Sdn Bhd	244	244	244	244
- IGB Property Management Sdn Bhd	274	274	274	274
- Ensignia Construction Sdn Bhd	554	609	554	609
- Tan & Tan Developments Berhad	739	820	739	820
- Mid Valley City Sdn Bhd	1,424	1,424	1,424	1,424
2) Collection on behalf				
- GTower Sdn Bhd	-	286	-	286
- Mid Valley City North Tower Sdn Bhd	-	870	-	870
- Idaman Spektra Sdn Bhd	-	610	-	610
- MVC Centrepoint South Sdn Bhd	-	500	-	500
<u>Payables</u>				
1) Utilities and waste disposal charges				
- Mid Valley City Energy Sdn Bhd	4,980	4,283	4,980	4,283
- IGB Real Estate Investment Trust	7,735	5,602	7,735	5,602
- Mid Valley City Southpoint Sdn Bhd	4,949	3,446	4,949	3,446
2) Manager's management fees				
- IGB REIT Management Sdn Bhd	16,246	15,484	16,246	15,484
3) Interest charged by				
- IGB Commercial REIT Capital Sdn Bhd	-	-	45,250	35,170
Significant related party balances as at reporting date:-				
1) Amount due from				
- IGB Commercial REIT Capital Sdn Bhd	-	-	24,247	22,186
- Idaman Spektra Sdn Bhd	31	97	31	97
- IGB Real Estate Investment Trust	-	336	-	336
2) Amount due to				
- IGB Commercial REIT Capital Sdn Bhd	-	-	850,190	849,420
- IGB REIT Management Sdn Bhd	4,150	3,838	4,150	3,838
- IGB Real Estate Investment Trust	835	287	835	287
- Mid Valley City Southpoint Sdn Bhd	417	-	417	-

UNITHOLDING STATISTICS

As at 16 February 2024

ISSUED UNITS

2,373,907,917 Units (voting right: 1 vote per Unit)

PUBLIC SPREAD

20.80%

ANALYSIS BY SIZE OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units	% of Units
Less than 100	122	2.84	4,570	0.00
100 – 1,000	463	10.78	275,895	0.01
1,001 – 10,000	2,096	48.78	9,943,118	0.42
10,001 – 100,000	1,276	29.69	42,554,856	1.79
100,001 to less than 5% of Issued Units	339	7.89	1,121,239,456	47.23
5% and above of Issued Units	1	0.02	1,199,890,022	50.55
Total	4,297	100.00	2,373,907,917	100.00

SUBSTANTIAL UNITHOLDERS

Name	No. of Units	Direct		Deemed*	
		% of Units	No. of Units	% of Units	
IGB Berhad	1,199,890,022	50.55	66,607,917	2.81	
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	174,080,712	7.33	1,294,496,026	54.53	
Tan Chin Nam Sendirian Berhad	130,615,646	5.50	1,537,355,258	64.76	
Tan Kim Yeow Sendirian Berhad	67,735,407	2.85	1,468,576,738	61.86	
Pauline Tan Suat Ming	4,227,385	0.18	1,536,312,145	64.72	
Dato' Seri Robert Tan Chung Meng	15,330,424	0.65	1,536,312,145	64.72	
Tony Tan Choon Keat	-	-	1,536,312,145	64.72	

DIRECTORS UNITHOLDING

Name	No. of Units	Direct		Deemed*	
		% of Units	No. of Units	% of Units	
Dato' Seri Robert Tan Chung Meng	15,330,424	0.65	1,536,312,145	64.72	
Tan Lei Cheng	23,692,010	1.00	-	-	
Elizabeth Tan Hui Ning	1,136,200	0.05	-	-	
Tan Mei Sian	2,568,204	0.11	-	-	

* 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 16 February 2024

(continued)

TOP 30 UNITHOLDERS

No.	Name	No. of Units	% of Units
1	IGB Berhad	1,199,890,022	50.55
2	Wah Seong (Malaya) Trading Co. Sdn Bhd	100,218,340	4.22
3	Tan Chin Nam Sendirian Berhad	87,043,401	3.67
4	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	68,778,520	2.90
5	IGB REIT Management Sdn Bhd	66,607,917	2.81
6	Hampshire Park Sdn Berhad	65,750,000	2.77
7	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	64,156,200	2.70
8	Wah Seong (Malaya) Trading Co. Sdn Bhd	56,090,247	2.36
9	Tan Kim Yeow Sendirian Berhad	51,190,370	2.16
10	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Cheah Chin Heng (PB)	51,000,000	2.15
11	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Chin Nam Sendirian Berhad (PB)	37,670,000	1.59
12	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore Bch)	37,135,590	1.56
13	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS-PB)	33,899,177	1.43
14	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The HongKong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	32,458,315	1.37
15	Micasa Investments (S) Pte Ltd	30,357,600	1.28
16	Tan Lei Cheng	19,021,195	0.80
17	Tan Boon Lee	18,106,301	0.76
18	Wah Seong (Malaya) Trading Co. Sdn Bhd	17,772,125	0.75
19	Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Securities Pte Ltd for Tan Kim Yeow Sendirian Berhad	16,545,037	0.70
20	Dato' Seri Robert Tan Chung Meng	13,333,232	0.56
21	Wah Seong Enterprises Sdn Bhd	12,681,825	0.53
22	Dasar Mutiara (M) Sdn Bhd	6,691,027	0.28
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	0.24
28	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (UOB AMM6939-406)	5,792,782	0.24
29	Choy Wor Lin	5,739,916	0.24
30	CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset Management Bhd for Che King Tow (ND100-JA)	5,000,000	0.21

NOTICE OF 2024 ANNUAL GENERAL MEETING

Notice convening the Third Annual General Meeting of Unitholders (“UHs”) of IGB Commercial REIT (“2024 AGM”)

To be held on **Wednesday, 17 April 2024, at 12.30 p.m.** in a **virtual (online)** format at <https://meeting.boardroomlimited.my>

ITEMS OF BUSINESS

1. Financial Statements and Reports

To receive IGB Commercial REIT’s Financial Statements and Reports of the Trustee, the Manager and the Auditor for the year ended 31 December 2023.

2. Ordinary Resolution: Renewal of Recurrent Related Party Transactions Mandate (“RRPT Mandate”)

That pursuant to paragraph 10.09 of the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements, IGB Commercial REIT be authorised to enter into any of the transactions falling within the categories of RRPT described in the Circular to UHs dated 28 February 2024 (“Circular”), with the Transacting Parties mentioned therein, provided that such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of IGB Commercial REIT and its minority UHs (“RRPT Mandate”) and, that the RRPT Mandate (unless revoked or varied by resolution of UHs in a general meeting) shall continue in force until IGB Commercial REIT’s AGM in 2025, and that the Board of Directors (“Board”) of the Manager be authorised to take such decisions and/or actions as may be necessary to give effect to the RRPT Mandate and/or this resolution.

By Order of the Board

Tina Chan
Head of Compliance/Company Secretary
MAICSA7001659/SSM PC No. 201908000014

Kuala Lumpur
28 February 2024

Explanatory Notes

1. There is no requirement for UHs to approve IGB Commercial REIT’s Financial Statements and Reports. However, a reasonable opportunity will be given to UHs to ask questions in relation to the content of Financial Statements and Reports.
2. The Ordinary Resolution, if passed, will renew the RRPT Mandate for IGB Commercial REIT to enter into certain types of transactions with the Transacting Parties, from the date of 2024 AGM until IGB Commercial REIT’s AGM in 2025. More details relating to the RRPT Mandate are set out in the Circular. The Interested Directors set out in the Circular and their connected persons will not vote on the Ordinary Resolution.

Important Information

1. The 2024 AGM will be broadcast through live audio-visual. UHs that want to vote or ask questions at the 2024 AGM should access the virtual meeting by logging on to <https://meeting.boardroomlimited.my>. Further information on how to register and join the 2024 AGM are set out in the Virtual Meeting Guide.
2. Registered UHs as at 9 April 2024 will be entitled to participate and vote at the 2024 AGM.
3. Registered UHs have rights to appoint up to 2 proxies to exercise all or any of their rights to participate and vote at the 2024 AGM, provided that the unitholding proportion to be represented by each proxy is specified. A proxy need not be a UH. A proxy form, which may be used to make such an appointment and give proxy instructions, accompanies this Notice of 2024 AGM.
4. To be effective, proxy appointment (and any power of attorney or other authority under which it is signed), must be received no later than 12.30 p.m., Monday, 15 April 2024, either by mail/by hand to the Manager’s registered office at Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur or online <https://investor.boardroomlimited.com>.
5. If registered UHs intend to appoint the Chairman of the meeting as their proxies, UHs can direct the Chairman how to vote by marking the boxes for the relevant resolution. However, if UHs do not mark a box next to the resolution, UHs will be expressing authorising the Chairman to vote as he sees fit.
6. UHs may contact IGB Commercial REIT’s unit registry, Boardroom Share Registrars Sdn Bhd, at helpline number 603-7890 4700/4780 or email bsr.helpdesk@boardroomlimited.com if they have questions, require assistance on e-proxy submission and the process to pre-register, participate and vote at the 2024 AGM, or encounter any log-in difficulties.
7. UHs may submit questions related to the resolution to be tabled for approval at the 2024 AGM, in advance by email to corporate-enquiry@igbcomreit.com before Tuesday, 9 April 2024. Answers will be grouped thematically, and provided during the 2024 AGM, and made available on IGB Commercial REIT’s website at www.igbcomreit.com in the days following 2024 AGM.

View the 2023 Annual Report, Circular and this Notice of 2024 AGM on IGB Commercial REIT’s website at www.igbcomreit.com or, alternatively, a copy may be obtained by sending an email to corporate-enquiry@igbcomreit.com.

VIRTUAL MEETING GUIDE

1.0 Remote Participation and Electronic Voting (“RPEV”) facility




With the holding of the 2024 AGM in the form of a virtual event, Unitholders to pay special attention to the RPEV facility procedures as summarised below:

Procedure	Action Required
Before the day of the AGM	
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 - Submit Request for Remote Participation User ID and Password.]</p> <ol style="list-style-type: none"> Access website https://investor.boardroomlimited.com Click “Register” to sign up as a user. Please select the correct account type i.e. sign up as “Shareholder” or “Corporate holder” Complete the registration with all required information. Upload a softcopy of your or representative’s MyKAD/Identification Card (front and back) or Passport. For Corporate Holder, kindly upload the authorisation letter as well. Click “Sign Up”. You will receive an email from Boardroom for email address verification. Click “Verify Email Address” from the email received to continue with the registration. Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click “Request OTP Code” and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code and click “Enter” to complete the process. Your registration will be verified and approved within one (1) business day and an email notification will be provided to you.
2. Submit request for remote participation (User ID and Password)	<p>Registration for remote access will be opened at 12.30 p.m. on Tuesday, 28 February 2024 until the day of 2024 AGM on Wednesday, 17 April 2024.</p> <p>Individual Unitholder</p> <ol style="list-style-type: none"> Login to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. Select “IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST 2024 ANNUAL GENERAL MEETING” from the list of Meeting Event and click “Enter”. Click on “Register for RPEV”. Enter your CDS Account Number Read and accept the General Terms & Conditions and click “Register”. <p>Appointment of Proxy</p> <ol style="list-style-type: none"> Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. Select “IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST 2024 ANNUAL GENERAL MEETING” from the list of Meeting Event and click “Enter”. Click on “Submit eProxy Form”. Enter your CDS account number and number of securities held. 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”. Enter the required particulars of your proxy(ies). Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Click “Apply”. Download or print the eProxy form as acknowledgement. <p>Corporate Unitholders, Authorised Nominee and Exempt Authorised Nominee</p> <p>Via Email</p> <ol style="list-style-type: none"> Corporate Unitholder, Authorised Nominee and Exempt Authorised Nominee need to deposit the original hardcopy to Boardroom Share Registrars Sdn Bhd (“BSR”) and write in to BSR at bsr.helpdesk@boardroomlimited.com 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. 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. <p>Via BSIP</p> <ol style="list-style-type: none"> Login to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. Select “IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST 2024 ANNUAL GENERAL MEETING” from the list of Meeting Event and click “Enter”. Click on “Submit eProxy Form”. Select the company you would like to represent. Proceed to download the file format for “Submission of Proxy Form” from BSIP. Prepare the file for the appointment of proxies by inserting the required data. Proceed to upload the duly completed proxy appointment file. Review and confirm your proxy appointment and click “Submit”. Download or print the eProxy form as acknowledgement.

VIRTUAL MEETING GUIDE

(continued)

1.0 Remote Participation and Electronic Voting (“RPEV”) facility (continued)

Procedure		Action Required
Before the day of the AGM		
2.	Submit request for remote participation (continued)	Unitholders who appoint proxy or attorney or authorised representative to participate via RPEV facilities at the AGM must ensure that the duly executed proxy form is deposited in hardcopy or by electronic means via BSIP not later than Monday, 15 April 2024 at 12.30 p.m.
3.	Email notification	a. You will receive notification(s) from Boardroom that your request(s) has/have been received and is/are being verified. b. Upon system verification against the Record of Depositors as at 9 April 2024, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. c. 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. d. You will also be notified in the event your registration is rejected.
On the day of the AGM		
4.	Login to Virtual Meeting Platform	a. The Virtual Meeting Platform will be opened for login one (1) hour before the commencement of the AGM. b. The Meeting Platform can be accessed via one of the following: <ol style="list-style-type: none"> Launch the LUMI Online Platform by scanning the QR Code provided in the email notification; Navigate to the website at https://meeting.boardroomlimited.my; Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.
5.	Participate	[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.] <ol style="list-style-type: none"> If you would like to view the live webcast, select the broadcast icon . If you would like to ask a question during the AGM, select the messaging icon . Type your message within the chat box and once completed, click the send button.
6.	Online Remote Voting	a. Once the 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. b. To vote, please select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. c. To change your vote, please re-select your voting preference. If you wish to cancel your vote, please press “Cancel”.
7.	End of Participation	a. Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end and the Messaging window will be disabled. b. You can now logout from the Meeting Platform.

2.0 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, BSR 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**
 11th Floor, Menara Symphony, No 5. Jalan Prof. Khoo Kay Kim, Seksyen 13,
 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

General Line : 603-7890 4700
 Ms. Noramira binti Norhisham : 603-7890 4780
 Fax Number : 603-7890 4670
 Email : bsr.helpdesk@boardroomlimited.com



PROXY FORM

CDS Account No.	
No. of Units Held	

*I/We (full name as per NRIC/Certificate of Incorporation) _____

NRIC No./Company No. _____ (full address) _____

being a Unitholder ("UHs") 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 2024 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 2024 AGM of IGB Commercial REIT to be held at 12.30 p.m. on Wednesday, 17 April 2024.

Ordinary Resolution	First Proxy		Second Proxy	
	For	Against	For	Against
RRPT Mandate				

Dated this _____ day of _____ 2024

Signature/Common Seal of Unitholder

Important Information

1. The 2024 AGM will be broadcast through live audio-visual. UHs that want to vote or ask questions at the 2024 AGM should access the virtual meeting by logging on to <https://meeting.boardroomlimited.my>. Further information on how to register and join the 2024 AGM are set out in the Virtual Meeting Guide.
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3. Registered UHs have rights to appoint up to 2 proxies to exercise all or any of their rights to participate and vote at the 2024 AGM, provided that the unitholding proportion to be represented by each proxy is specified. A proxy need not be a UH. A proxy form, which may be used to make such an appointment and give proxy instructions, accompanies this Notice of 2024 AGM.
4. To be effective, proxy appointment (and any power of attorney or other authority under which it is signed), must be received no later than 12.30 p.m., Monday, 15 April 2024, either by mail/by hand to the Manager's registered office at Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur or online <https://investor.boardroomlimited.com>.
5. If registered UHs intend to appoint the Chairman of the meeting as their proxies, UHs can direct the Chairman how to vote by marking the boxes for the relevant resolution. However, if UHs do not mark a box next to the resolution, UHs will be expressing authorising the Chairman to vote as he sees fit.
6. UHs may contact IGB Commercial REIT's unit registry, Boardroom Share Registrars Sdn Bhd, at helpline number 603-7890 4700/4780 or email bsr.helpdesk@boardroomlimited.com if they have questions, require assistance on e-proxy submission and the process to pre-register, participate and vote at the 2024 AGM, or encounter any log-in difficulties.
7. UHs may submit questions related to the resolution to be tabled for approval at the 2024 AGM, in advance by email to corporate-enquiry@igbcomreit.com before Tuesday, 9 April 2024. Answers will be grouped thematically, and provided during the 2024 AGM, and made available on IGB Commercial REIT's website at www.igbcomreit.com in the days following 2024 AGM.



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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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2023 ANNUAL REPORT REQUEST FORM

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

2023 Annual Report

Circular to Unitholders

For further information, you may contact Ms. Tan Lay Ling at 03-2289 8821 or Ms. Anita Kumary at 03-2289 8823.

Name of Unitholder : _____

NRIC/Company No. : _____

Mailing Address : _____

Email Address : _____

Contact Number : _____

Signature : _____

Date : _____



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2023 ANNUAL REPORT 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

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