

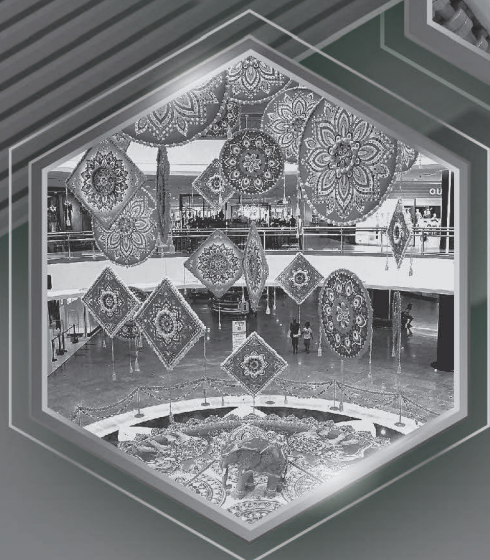
ANNUAL REPORT 2021



THE GARDENS MALL



MID VALLEY MEGAMALL





IGBREIT

IGB REAL ESTATE INVESTMENT TRUST

TABLE OF CONTENTS

CORPORATE DIRECTORY	2
OVERVIEW	
▪ REIT Structure	3
▪ REIT Information	4
▪ REIT Portfolio	5
▪ Organisation Structure of the Manager in respect of IGB REIT	6
YEAR IN REVIEW	
▪ Financial Highlights	7 - 8
▪ Management Discussion and Analysis	9 - 15
BOARD OF DIRECTORS AND MANAGEMENT	
▪ Profile of Directors	16 - 19
▪ Profile of Management	20 - 22
GOVERNANCE AND ACCOUNTABILITY	
▪ Corporate Governance Overview Statement	23 - 41
▪ Audit Committee Report	42 - 45
▪ Statement on Risk Management and Internal Control	46 - 48
▪ Sustainability Statement	49 - 61
FINANCIAL STATEMENTS	62 - 114
UNITHOLDERS' INFORMATION	
▪ Unitholding Statistics	115 - 116
▪ Notice of Tenth Annual General Meeting	117 - 118
▪ Virtual AGM Guide	119 - 120
▪ Proxy Form	



THE GARDENS MALL

CORPORATE DIRECTORY

MANAGER

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

BOARD OF DIRECTORS OF THE MANAGER

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

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

Halim bin Haji Din
Independent Non-Executive Director

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

Robert Ang Kim Pack
Independent Non-Executive Director

Elizabeth Tan Hui Ning
Non-Independent Executive Director

Tan Mei Sian
Non-Independent Executive Director

Tan Lei Cheng
Non-Independent Non-Executive Director

Tan Boon Lee
Non-Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER OF THE MANAGER

Antony Patrick Barragry

HEAD OF COMPLIANCE/COMPANY SECRETARY OF THE MANAGER

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

TRUSTEE

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

PROPERTY MANAGER

Chartwell ITAC International Sdn Bhd
 197901008026 (52312-H)
 B-11-3A – B-11-05
 Level 11, Gateway Corporate Suites
 Gateway Kiaramas
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 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

Tricor Investor & Issuing House Services Sdn Bhd
 197101000970 (11324-H)
 Unit 32-01, Level 32, Tower A
 Vertical Business Suite
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 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Malaysia
 Telephone : 603-2783 9299
 Telefax : 603-2783 9222

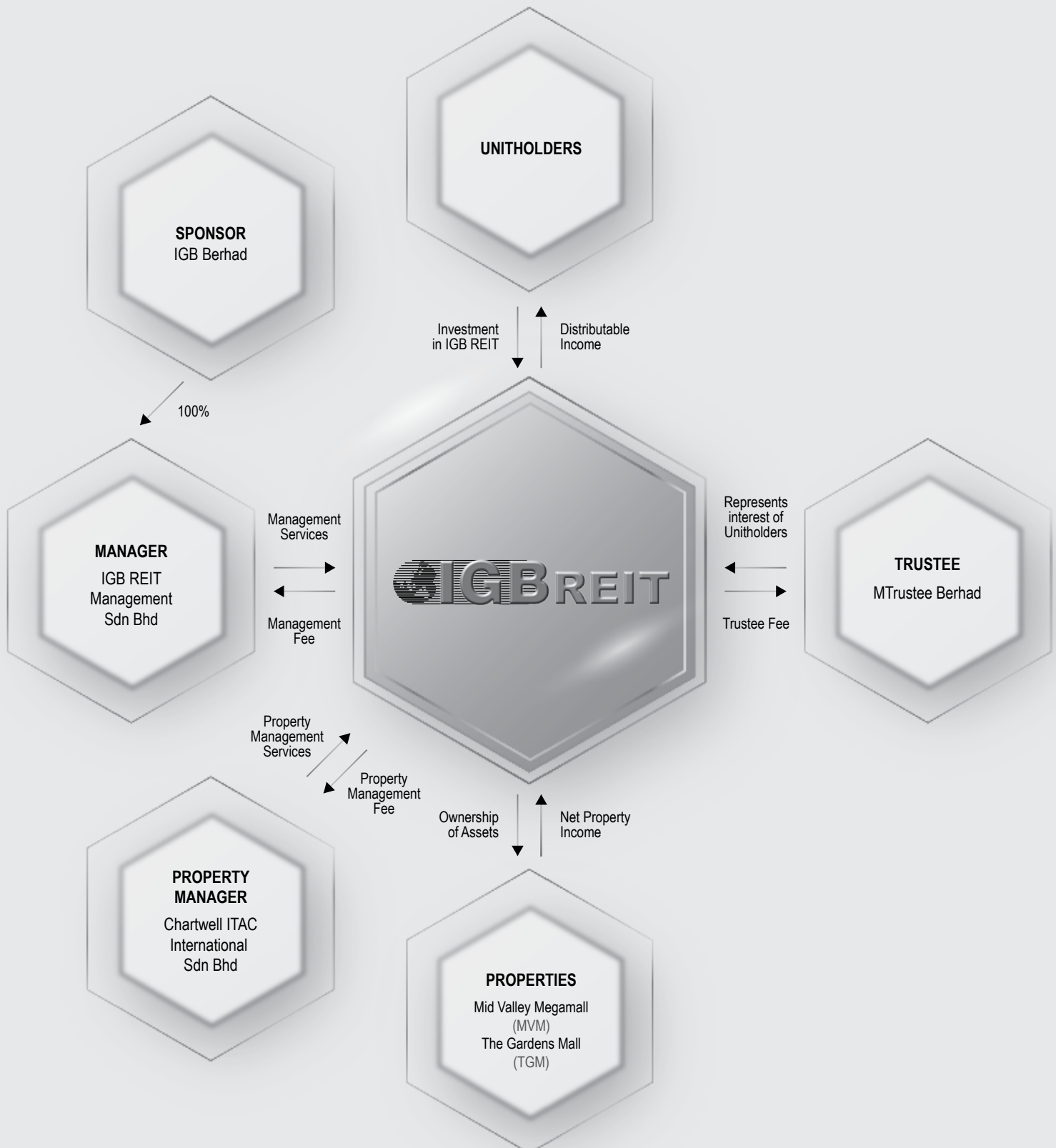
PRINCIPAL BANKER

Hong Leong Bank Berhad
 193401000023 (97141-X)
 Level 1, Wisma Hong Leong
 18 Jalan Perak
 50450 Kuala Lumpur
 Malaysia
 Telephone : 603-2164 2525
 Telefax : 603-2164 7922

REIT STRUCTURE

Investment Objective

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



REIT INFORMATION

Fund Name	IGB REIT
Fund Category	Real Estate Investment Trust
Fund Type	Income and Growth
Fund Duration	<p>The earlier of:</p> <ul style="list-style-type: none"> the occurrence of any of events listed in Clause 27.2 of the Deed of Trust dated 18 July 2012 (as supplemented on 25 October 2018) (Deed); the date 999 years after 25 July 2012 (the date of establishment of IGB REIT); or the date IGB REIT is terminated by the Manager under Clause 27.1(b) of the Deed
Investment Policy	To invest, directly and indirectly, in a diversified portfolio of income producing Real Estate used primarily for retail purposes in Malaysia and overseas
Authorised Investments	(a) Real Estate; (b) Non-Real Estate-Related Assets; (c) Cash, deposits, money market instruments and (d) any other investments not covered by (a) to (c) but specified as a permissible investment in the Securities Commission Malaysia's (SC) Guidelines on Listed Real Estate Investment Trusts (REIT Guidelines) or as may be permitted by the SC
Investment Limits	<p>The investments of IGB REIT are subject to the following investment limits imposed by REIT Guidelines:</p> <ul style="list-style-type: none"> at least 75% of IGB REIT'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 IGB REIT'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 IGB REIT's distributable income Quarterly distribution (or at such other intervals as the Manager may decide at its absolute discretion)
Revaluation Policy	Annually by an independent professional valuer
Manager Fee	<p>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):</p> <ul style="list-style-type: none"> Base Fee: up to 1% per annum of IGB REIT's TAV (excluding cash and bank balances which are held in non-interest bearing accounts). Performance Fee: 5% per annum of IGB REIT'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 IGB REIT's net asset value
Financial Year End	31 December
Listing	Main Market of Bursa Malaysia Securities Berhad
Listing Date	21 September 2012
Stock Name	IGBREIT
Stock Code	5227
Board Lot	100 units per board lot

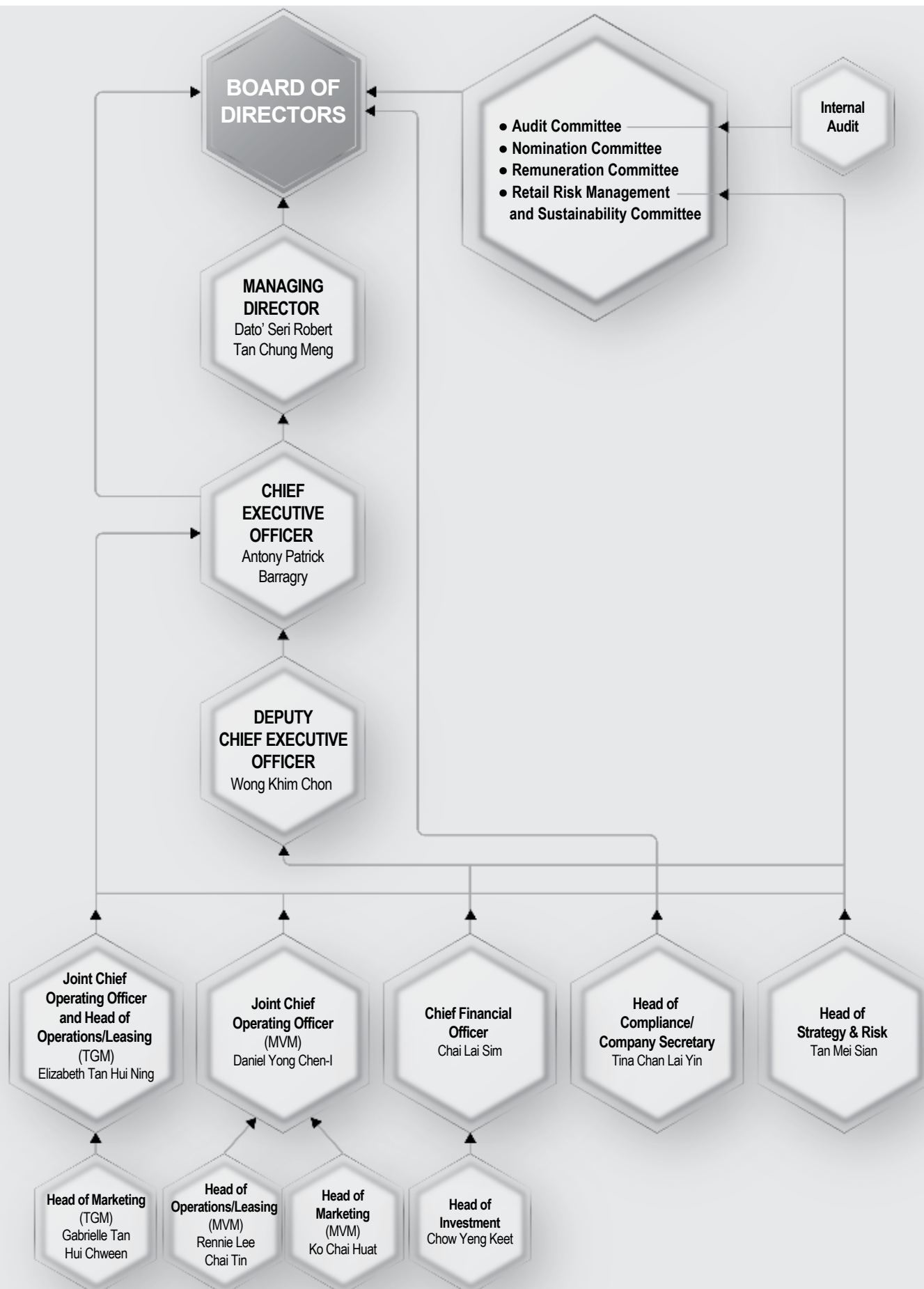
REIT PORTFOLIO

Properties	MVM	TGM
Land area of master title (sq ft)	1,060,783	421,773
Tenure	Leasehold for 83 years expiring on 11 April 2104	Leasehold for 99 years expiring on 6 June 2103
Master title particulars	PN 54050, Lot 20013 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	PN 37073, Lot 79 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur [#]
Encumbrances/material limitations in master title	<ul style="list-style-type: none"> Private caveat lodged by Hong Leong Bank Berhad (Registration No. 193401000023 (97141-X)) vide Presentation No. PDB6233/2021 dated 9 July 2021 Private caveat lodged by Malaysian Trustees Berhad (Registration No. 197501000080 (21666-V)) vide Presentation No. PDB6763/2021 dated 27 July 2021 Private caveat lodged by the Trustee on behalf of IGB Commercial Real Estate Investment Trust vide Presentation No. PDB7576/2021 dated 17 August 2021 Private caveat lodged by the Trustee on behalf of IGB REIT vide Presentation No. PDB7577/2021 dated 17 August 2021 	<ul style="list-style-type: none"> Trust caveat lodged by the Trustee on behalf of IGB REIT vide Presentation No. PDB14472/2012 dated 30 August 2012 Trust caveat lodged by the Trustee on behalf of IGB REIT vide Presentation No. PDB16049/2012 dated 26 September 2012
Restrictions in interest in master title	This land shall not be transferred, leased or charged without the consent of the Federal Territory Land Executive Committee Secretariat (Tanah ini tidak boleh dipindahmilik, dipajak atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur)*	This land shall not be transferred, leased, secured or charged except with the consent of the Federal Territory Land Executive Committee Secretariat (Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur)
Express conditions in master title	This land shall be used for commercial building for purpose of office towers, hotels, retail malls, office shops/lots and car park spaces only (Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan menara pejabat, hotel, pusat membeli-belah, kedai pejabat dan tempat letak kereta sahaja)	This land shall be used for commercial building for purpose of commercial spaces, offices, hotels and service apartments only (Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan ruang perniagaan, pejabat, hotel dan pangsapuri servis sahaja)
Type	Retail	
Appraised Value as at 31 December 2021 (RM'000)	3,665,000	1,295,000
Purchase consideration (RM'000)	3,440,000	1,160,000
Net Lettable Area (NLA) as at 31 December 2021 (sq ft)	1,844,874	844,466
Gross Floor Area as at 31 December 2021 (sq ft)	6,107,052	3,540,767
Number of tenancies as at 31 December 2021	546	225
Occupancy rate as at 31 December 2021 (%)	97.8	90.7
Number of car park bays as at 31 December 2021	5,992	3,997

[#] TGM is separately held under 3 issue documents of strata title. The transfer of these strata titles has been registered in favour of the Trustee.

* The extended expiry date of the State Authority's consent for the transfer of MVM in favour of the Trustee is 11 July 2022.

ORGANISATION STRUCTURE OF THE MANAGER IN RESPECT OF IGB REIT



FINANCIAL HIGHLIGHTS

Statement of comprehensive income	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017
Total revenue (RM'000)	399,527	465,239	552,132	535,689	524,918
Net property income ("NPI") (RM'000)	275,101	316,678	398,786	386,250	373,563
Distributable income (RM'000)	220,583	259,837	341,854	341,430	342,801
Earnings per Unit ("EPU") (realised) (sen)	5.61	6.65	8.91	8.60	8.64
Core EPU (sen)	5.61	6.65	8.91	9.45	9.78
Distribution per Unit (sen)	6.03	6.75	9.16	9.19	9.28
Distribution yield (%)	3.65	3.92	4.84	5.31	5.16
Management expense ratio (%)	0.80	0.86	0.98	0.96	0.94

Total revenue	FYE 2021 RM'000	FYE 2020 RM'000	FYE 2019 RM'000	FYE 2018 RM'000	FYE 2017 RM'000
MVM	281,143	322,554	386,850	375,048	366,447
TGM	118,384	142,685	165,282	160,641	158,471
Total	399,527	465,239	552,132	535,689	524,918

NPI	FYE 2021 RM'000	FYE 2020 RM'000	FYE 2019 RM'000	FYE 2018 RM'000	FYE 2017 RM'000
MVM	200,312	231,595	294,941	286,357	277,875
TGM	74,789	85,083	103,845	99,893	95,688
Total	275,101	316,678	398,786	386,250	373,563

Statement of financial position	As at 31.12.2021	As at 31.12.2020	As at 31.12.2019	As at 31.12.2018	As at 31.12.2017
Investment properties (RM'000)	4,960,000	4,960,000	4,960,000	4,960,000	4,930,000
Total asset value (RM'000)	5,233,071	5,220,926	5,220,951	5,202,966	5,250,728
Total liabilities (RM'000)	1,428,524	1,420,157	1,436,988	1,436,275	1,527,429
Net asset value ("NAV") (RM'000)					
- before income distribution	4,019,847	4,041,283	4,108,669	4,091,658	4,049,189
- after income distribution	3,804,547	3,800,769	3,783,963	3,766,691	3,723,299
NAV per Unit (RM)					
- before income distribution	1.1254	1.1350	1.1578	1.1575	1.1525
- after income distribution	1.0651	1.0675	1.0663	1.0656	1.0597

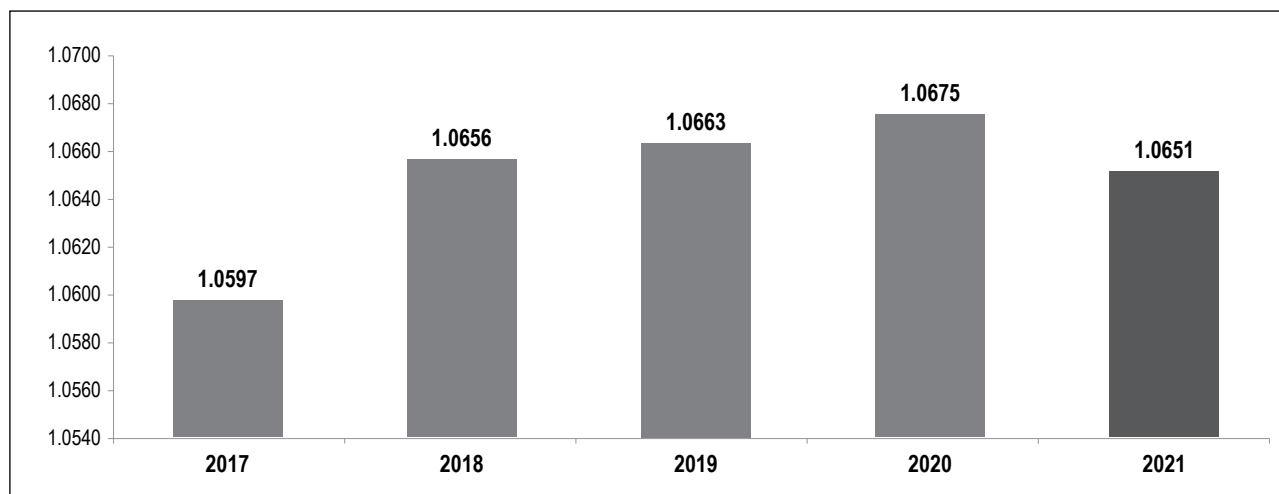
Note:-

FYE Financial year ended 31 December.

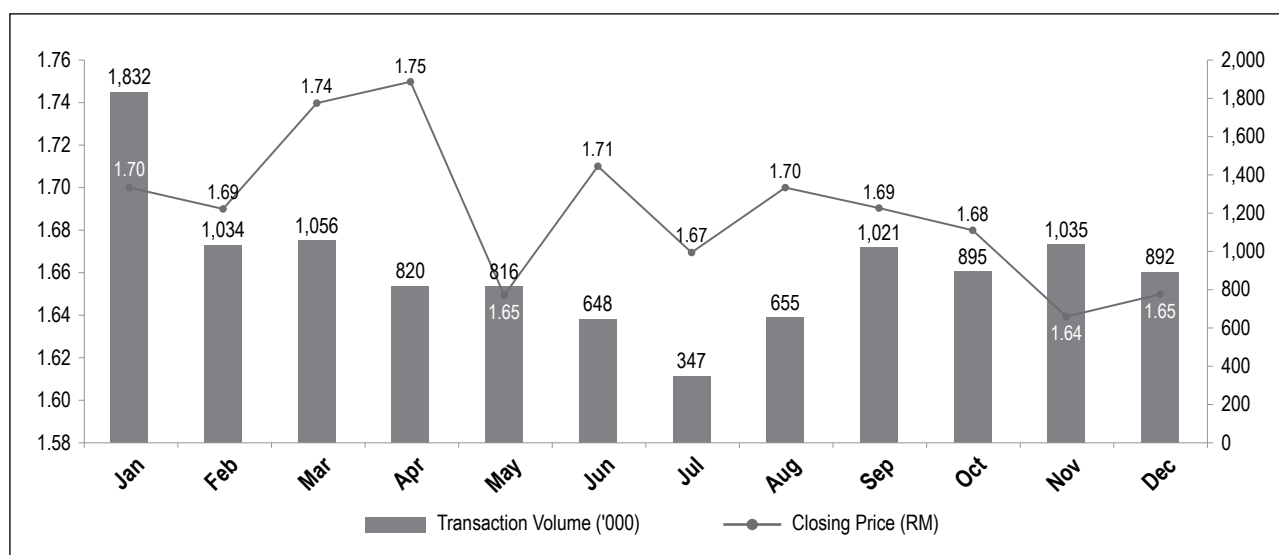
FINANCIAL HIGHLIGHTS

(continued)

NAV PER UNIT PERFORMANCE FOR IGB REIT (RM)



UNIT PRICE PERFORMANCE FOR IGB REIT 2021



Trading performance for IGB REIT	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017
Closing price as at 31 December (RM)	1.65	1.72	1.89	1.73	1.80
Highest traded price (RM)	1.79	2.00	2.10	1.80	1.80
Lowest traded price (RM)	1.57	1.53	1.72	1.46	1.55
Issued units ('000)	3,571,851	3,560,560	3,548,828	3,534,810	3,513,452
Market capitalisation as at 31 December (RM'000)	5,893,554	6,124,163	6,707,285	6,115,221	6,324,214

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Unitholders,

INTRODUCTION

The year 2021 has been a year like no other. It has been defined by periodic resurgences of Covid-19 outbreaks across the world.

Its impact has been wide-ranging, causing socio-economic uncertainties on many fronts. At IGB Real Estate Investment Trust (IGB REIT), we have worked hard throughout the year to minimise disruptions while putting in place measures to quickly resume productivity levels upon the lifting of lockdowns. In doing so, we kept the health and safety of our people a priority, at all times.

Through every crisis in the past years, IGB REIT has managed to adapt and emerge stronger. Amid the unprecedented pandemic, we continued to draw lessons and took the opportunity to refocus our strategic priorities. Our fundamentals are as strong as they have ever been, and we are well-positioned to participate in a recovering economy.

On that note, IGB REIT is pleased to present our Management Discussion and Analysis (MD&A) that covers the period from 1 January 2021 to 31 December 2021. This MD&A offers our unitholders a view of the initiatives and strategies adopted throughout the year by the organisation as well as the operating landscape, risk management and outlook for the fund.

BUSINESS OVERVIEW

IGB REIT was established on 25 July 2012 and listed on the Main Market of Bursa Malaysia Securities Berhad since 21 September 2012. The IGB REIT portfolio is made up of two globally recognised malls located in the Klang Valley, namely Mid Valley Megamall (MVM) and The Gardens Mall (TGM). Together, this portfolio has a net lettable area (NLA) of approximately 2.69 million square feet (sf) with a market capitalisation of RM5.89 billion as at 31 December 2021.

2021 Highlights

Total Revenue RM399.5 million RM465.2 million in 2020	Net Property Income (NPI) RM275.1 million RM316.7 million in 2020	Net Lettable Area (NLA) 2.69 million sf 2.68 million sf
Occupancy Rate MVM (97.80%) TGM (90.70%) MVM (99.7%) TGM (91.8%) in 2020	Distribution Per Unit (DPU) 6.03 sen 6.75 sen in 2020	Distribution Yield 3.65% 3.92% in 2020
Property Valuation RM4.96 billion RM4.96 billion in 2020	Net Asset Value (NAV) per Unit RM1.0651 RM1.0675 in 2020	Market Capitalisation RM5.89 billion RM6.12 billion in 2020

Operating Landscape - Adopting Newer Means of Business

2021 saw a significant impact to the retail and hospitality industries and IGB REIT was not spared. While the pandemic proved a struggle for many, the incessant lockdowns and restrictions imposed by the government further affected our portfolio's turnover.

While the global economy was set to expand 5.6% in 2021, the strongest post-recession pace in 80 years, the recovery was expected to be uneven¹. For Malaysia, the Department of Statistics Malaysia (DOSM) reported Malaysia's Gross Domestic Product (GDP) decreased by 4.5% in 2021².

Within the retail industry, the sales growth for Malaysia was at 0.5%, based on the Retail Group Malaysia report³. For the third quarter of 2021, Malaysia's retail sales declined 27.8% from the previous year, while cumulative nine-month retail sales contracted 11.9% compared with the same period a year before³. The third quarter decline was below market expectations of a 15.1% contraction, a forecast made in September 2021³.

¹ <https://www.worldbank.org/en/news/feature/2021/12/20/year-2021-in-review-the-inequality-pandemic>

² https://www.dosm.gov.my/v1/index.php/index.php?r=column/cthemeByCat&cat=100&bul_id=MVBFWnc2UHNjc2ZBOVRpVzF5NG5xQT09&menu_id=TE5CRUZCblh4ZTZMODZlbnk2aWRRQT09

³ <https://www.theedgemarkets.com/article/retail-group-malaysia-projects-6-growth-malaysias-2022-retail-sales-despite-lingering>

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

With stringent restrictions in place during the Movement Control Order (MCO) periods, the retail sales and visitor foot fall dropped significantly, and we understood that it would take time for IGB REIT to see improvements.

Amidst these challenges, we adopted various strategic initiatives to continue supporting tenants to stay in business while protecting our revenue stream.

Review of Performance

Financial review - Key financial highlights

Group Key Financial Highlights	FY2021 RM'000	FY2020 RM'000	Change (%)
Total Revenue	399,527	465,239	-14.12
- MVM	281,143	322,554	-12.84
- TGM	118,384	142,685	-17.03
NPI	275,101	316,678	-13.13
- MVM	200,312	231,595	-13.51
- TGM	74,789	85,083	-12.10
Net Profit	200,148	236,793	-15.48
DPU (sen)	6.03	6.75	-10.67

For FY2021, IGB REIT posted a total revenue of RM399.5 million and a net property income of RM275.1 million for the year, which were respectively 14.12% and 13.13% lower than that recorded in FY2020.

Net profit was RM200.1 million for the year, representing 15.48% decrease, compared with net profit in FY2020. This was mainly arising from the rental support provided to eligible tenants due to the Covid-19 pandemic and resultant MCO and/or National Recovery Plan.

Financial review - Group statement of financial position

Group Statement of Financial Position	As at 31.12.2021	As at 31-12-2020	Change (%)
Investment Properties (RM'000)	4,960,000	4,960,000	0.00
- MVM (RM'000)	3,665,000	3,665,000	0.00
- TGM (RM'000)	1,295,000	1,295,000	0.00
Total Assets Value (RM'000)	5,233,071	5,220,926	0.23
Cash and bank balances (RM'00)	222,996	221,880	0.50
Total Liabilities (RM'000)	1,428,524	1,420,157	0.59
NAV (RM'000)	3,804,547	3,800,769	0.10
NAV Per Unit (RM)	1.0651	1.0675	-0.22
No. of Issued Units ('000 units)	3,571,851	3,560,560	0.32

Investment properties are stated at fair value based on valuations performed by independent registered valuer, Henry Butcher Malaysia Sdn Bhd. The valuer holds recognised relevant professional qualification and has experience in valuing investment properties. Based on the valuation reports dated 3 January 2022, the market values of MVM and TGM as at 31 December 2021 were RM3.665 billion and RM1.295 billion respectively.

Cash and bank balances as at 31 December 2021 was RM223.0 million, compared with RM221.9 million as at 31 December 2020.

NAV after income distribution as at 31 December 2021 was RM3.805 billion, compared with RM3.801 billion the year before, reflecting a growth of 0.10%.

IGB REIT's issued units increased from 3,560.560 million as at 31 December 2020 to 3,571.851 million as at 31 December 2021, due to the issuance of units as payment for Manager's fees.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Financial review - Income distribution

	FY2021	FY2020
Income Distribution (RM'million)	215.4	240.6
1 st Quarter (RM'million)	47.4	69.1
2 nd Quarter (RM'million)	48.1	22.3
3 rd Quarter (RM'million)	42.2	74.9
4 th Quarter (RM'million)	77.7	74.3
Average Payout Ratio (%)	97.5%	92.5%

For the first quarter ended 31 March 2021, a distribution amounting to RM47.4 million or 1.33 sen per unit (1.32 sen taxable and 0.01 sen non-taxable) was paid on 31 May 2021.

For the second quarter ended 30 June 2021, a distribution amounting to RM48.1 million or 1.35 sen per unit (1.33 sen taxable and 0.02 sen non-taxable) was paid on 30 August 2021.

For the third quarter ended 30 September 2021, a distribution amounting to RM42.2 million or 1.18 sen per unit (1.16 sen taxable and 0.02 sen non-taxable) was paid on 30 November 2021.

For the fourth quarter ended 31 December 2021, a distribution amounting to approximately RM77.7 million or 2.17 sen per Unit (2.16 sen taxable and 0.01 sen non-taxable), with payment fixed on 25 February 2022. Distribution for FY2021 amounted to 6.03 sen per unit.

At least 90% of IGB REIT's distributable income will be paid for FY2022 subject to IGB REIT's financial position, earnings, funding and capital management requirements. This is in line with the Manager's objective of providing investors with regular and stable income distribution.

REVIEW OF OPERATIONS

In 2021, our focus was simple – to lookout for our people - employees, tenants, unitholders and shoppers in dealing with Covid-19. We also prioritised our business and adopted strategies to protect our business while safeguarding our income flow.

Prioritising our Employees

Internally, the well-being and safety of staff was prioritised. We provided counselling, supported government measures to vaccinate all staff and their family members. Staff have been put on rotation to minimise the spread of an infection and we carried out routine tests to reduce the possibility of infection.

We conducted mass testing even in the early periods of the pandemic, provided test kits and face masks to staff and tenants and were more proactive in tracking and contact tracing.

The senior management team met on a weekly basis to discuss and manage issues and changes amidst the pandemic. Communication was thorough and shared across all teams to ensure any potential issue or crisis was handled immediately and effectively.

We were honoured to be the first industrial vaccination centre (PPVIN) for the Retail Industry Vaccination Programme (RIVAC) which was opened at the Mid Valley Exhibition Centre in July 2021.

Protecting our Tenants

Amidst the pandemic, the IGB REIT team learned how to be more sustainable. It was crucial for us to understand tenants' challenges and issues during these trying times.

In ensuring tenants were being supported in the best way possible, various initiatives were carried out. Rental support and tailor-made programmes were in place to help tenants stay in business. Where required, we provided rent relief or adjustments on a case-by-case basis.

Keeping our Shoppers Safe

Apart from tenants, we also focused on the safety of our shoppers. Therefore, face masks and hand sanitisers were made available at multiple locations within both malls. We also increased the support for housekeeping staff to ensure frequently touched surfaces, common areas, toilets, and carparks were cleaned more regularly. We heightened our attention to personal safety, increased customer service and enforced additional security throughout the mall, all in an effort to ease our customers' minds.

Being a physical retail medium, IGB REIT connected with consumers more aggressively on digital and social media. We focused on the experiential and service-related aspects to encourage consumers to return to malls.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Supporting the Government

During the year, we adhered to the standard operating procedures (SOP) and recommendations shared by the various government ministries. In some instances, the IGB REIT team employed more restrictions in addition to the government's recommendations, to tighten the safety and well-being of all.

We supported the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP), the Malaysian National Security Council (MKN), the Ministry of Health (MoH) and all other related agencies by providing regular feedback from the ground. In addition to this, we also hosted ministers and personnel who wanted to check on retailers and shoppers to ensure everyone was compliant to the set SOP and regulations.

Future Proofing our Assets

While the impact on the malls were significant, our teams kept a close eye on our tenant mix and ensured tenancy renewals were met. We continued the upkeep, renovation, and enhancements needed on our buildings while keeping with the SOP. Over the months, we conducted cost reduction measures in our operating procedures and continued investment into asset enhancement initiatives as well as marketing and branding. Apart from these, we also looked at avenues to reduce energy consumption in the malls. In other areas, we are also cognisant of labour costs and revisit these figures repeatedly to maintain our efficiency and value.

This year, we explored more efficient approaches, and introduced innovative technology (where possible). For better air circulation, we installed ultraviolet (UV) lights to sterilise high-risk areas including elevators, suraus and meeting rooms. We also installed permanent high-performance UV light to purify the air in all Air Handling Units (AHU). Additionally, we optimised ventilation through our central air conditioning systems to improve indoor air quality. Apart from regular and enhanced sanitisation of the malls, regular testing, emergency procedures, and hybrid operational models have been implemented.

The malls also employ several hybrid operational models depending on the severity of the lockdown. These includes certain services that will run on different operation hours to allow us to further manage costs.

Keeping our Edge in the Marketplace

At IGB REIT, our portfolio of retail tenant is focused on middle to upper market in terms of the tenants, brands, and outlets within MVM. TGM on the other hand focuses on middle to high-end tenants to meet the needs of our affluent customers.

At MVM, we embarked on expansion plans which include major modeling changes. These plans are in place to keep our exterior and interior fresh. Among the key enhancements that have been embarked upon at MVM this year include, passenger lift modernisation, improvement of the first and second floor finishes, reinforced concrete (RC) flat roof waterproofing and upgrading of CCTV cameras at the ring road. At TGM, we upgraded toilets, lighting in common areas and refurbished the west fountain.

Staying ahead of the change, our strategy was to keep abreast with the market changes and trends bringing in new brands that work well with our current mix.

New Brands in 2021

MVM	
1. ABP Frozen Ah Boy Pasar	19. Bellolis
2. Don't Yell at Me	20. Hooga & akemiuchi (AU)
3. iTworld	21. MyTukar powered by CARRO
4. ITSU	22. MiX.STORE
5. MyMaskHub	23. eMart24
6. Genie by Getha	24. Kampung Banana Leaf
7. Mango	25. ZUS Coffee
8. Yole	
9. Aape	TGM
10. NALE - The Nasi Lemak Company	1. Bungkus Kaw Kaw
11. Birkenstock	2. BMS ROADTAX
12. Happy Lemon	3. Mitsuyado Seimen
13. MediFeet	4. Penang Flavours
14. Zirconia Jewellery	5. Maxis
15. OldTown & Sedap Sedap	6. Tiffany & Co
16. Felancy	7. Powder Room by BookXcess
17. Toplash	8. Rocku Yakiniku
18. Dunlopillo	9. Nostalofit
	10. Spenco

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

MOVING FORWARD

The pandemic has profoundly changed many aspects globally. It has undoubtedly reshaped the economy and the way we conduct our businesses and daily affairs. While it has accelerated the shift towards the adoption of technology and the sustainability agenda, on the other hand, it has also brought to the forefront prevailing issues in the labour market and social protection system.

We continue to operate with care and compassion, towards our people, our stakeholders, and the surrounding communities, as we support each other to surmount these challenges.

We believe 2022 will hold different challenges amidst headwinds for the business and the country at large. But we are determined to hold our position and stay prudent in all our endeavors. With a strong foundation and niche within the industry, we aim to continue to push boundaries and strive ahead in the coming year.

RISK MANAGEMENT INTEGRAL TO SUSTAINED SUCCESS

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

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

(a) Interest Rate Risk

IGB REIT's income and cash flows are substantially independent of changes in market interest rates. This is because the borrowings are made up of AAA-rated Medium-Term Notes bearing a fixed coupon rate which locks in the interest rate against any fluctuations resulting in exposure to fair value and cash flow interest rate risk.

(b) Credit risk

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

Credit risk with respect to trade receivables is limited due to the nature of business which is mainly rental related and cash-based. Credit risks arising from outstanding receivables from the tenants are mitigated through a strict selection of tenants and/or business associates with high creditworthiness. Trade receivables are monitored on an on-going basis via compliance with standard operating and reporting procedures.

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

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

(c) Liquidity and Cash Flow Risk

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

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

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

(d) Capital Management

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

The gearing profile of IGB REIT is as follows:-

	31.12.2021 RM' million	31.12.2020 RM' million
Borrowings	1,215	1,214
Cash and bank balances	(223)	(222)
Net gearing	992	992
Total Unitholders' fund	3,805	3,801
Net gearing (%)	26%	26%
Loan-to-total asset value (LTV) (%)	23%	23%

In FY2021, net gearing was 26%. LTV was 23% for the year, which is below the maximum allowable limit of 60% of TAV (until 31 December 2022) announced by the Securities Commission Malaysia in August 2020.

(e) Business/Market Risk

The Covid-19 pandemic continued to wreak havoc during the year with Kuala Lumpur and the surrounding Klang Valley being put under various MCOs as well as phases of the National Recovery Plan. Throughout, we have remained steadfast in focusing on being a valued partner to our tenants in ensuring that their operations are well supported.

We have continued the appropriate and targeted action plans including conditional rental support and/or waiver of late payment interest to eligible tenants, on a case-to-case basis, after taking into consideration, inter-alia, business tolerance, tenant relationship, impact on different category of tenancies, variations in rent structures, risk of tenant sustainability and expected business recovery period, to mitigate the current challenges faced by tenants in our malls. We have also integrated flexibility into our leases to aid tenants during this period and drive tenant retention.

To further support our business, we have continued to increase our online community engagement, enhance our tenant mix and work with our tenants and corporate partners to enhance the customer experience within our malls. Despite the current initial signs for potential economic and business recovery, we are continuing to monitor the situation closely and will take appropriate and timely actions to mitigate any further impact on IGB REIT's operations and financial performance.

(f) Regulatory and Compliance Risk

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

(g) Tenant Concentration Risk

No single tenant or group of tenants contribute more than 10% of IGB REIT's total gross rental income. However, we do rely on major anchor tenants for a substantial proportion of our NLA which may significantly expose IGB REIT to concentration risk.

To mitigate our exposure to tenant concentration risks, we employ proactive leasing strategies, actively engage tenants for forward renewals, and spread out the portfolio lease expiry profile. We also closely monitor the performance of all anchor tenants and work to support them where appropriate. Moreover, we continually assess our tenant mix and bring in fresh new brands, further diversifying our tenant base.

(h) Human Capital Risk

Chartwell ITAC International Sdn Bhd (Property Manager) has engaged Mid Valley City Sdn Bhd and Mid Valley City Gardens Sdn Bhd (Service Providers) to employ and manage the people who run our malls.

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

In order to ensure that we continue to attract and retain the right people for our business, the Service Providers continually review, assess, and update human capital development policies and procedures in place. They do this to retain and attract talent who help continue to offer customer base retail experiences that are fresh and dynamic. Examples of some of the areas that the Service Providers look into include identifying potential staffing gaps and redeploying staff where required, reviewing existing succession plans, and exploring initiatives to better retain staff.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

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

(i) Terrorist Threats

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

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

(j) Health & Safety Risk

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

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

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

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

(k) Information and Cyber Security Risk

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

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

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

(l) Changing Consumer Preferences and Shopping Habits

The Covid-19 pandemic and the resulting drive towards the internet and its accompanying digital tools and platforms and the growing focus towards climate change and sustainability. The former has placed an increased importance in businesses having an online presence where they can better engage with their customers as well as serve the heightened demand for online shopping. This shift in e-commerce demand has also led to customers having an even greater role in shaping brand conversations and business strategies. The latter has driven a wave of consciousness around the impact that we have had on the earth and the need to find more sustainable approaches moving forward. This has translated into customers now seeking more authentic experiences with brands and placing a greater emphasis on sustainable industry practices.

In order for our malls to continue to remain relevant, we need to keep an ear to the ground and monitor the evolution of these trends, particular as they impact the domestic retail market. We remain committed to crafting dynamic retail experiences for our customers, and will continue to work hard to ensure that what we offer remains relevant and exciting for them.

PROFILE OF DIRECTORS

TAN SRI DATO' PROF. LIN SEE YAN

(Malaysian, male, age 82)

Chairman/Independent Non-Executive Director (INED)

Board Appointment	: 27 April 2012
Board Committee(s)	: Chairperson of Nomination and Remuneration Committees, and a member of Audit Committee
Academic/Professional Qualification/Working Experience	: Tan Sri Dato' Prof. Lin is an independent strategic and financial consultant. Prior to 1998, he was Chairman/President and Chief Executive Officer of Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia (the Central Bank), having been a central banker for 34 years. Tan Sri Dato' Prof. Lin continues to serve the public interest, including Member of a number of key Steering Committees at Ministry of Higher Education; Economic Advisor, Associated Chinese Chambers of Commerce and Industry of Malaysia; Member, Asian Shadow Financial Regulatory Committee; Board Director, Sunway Berhad and Sunway University Sdn Bhd; and Governor, Asian Institute of Management, Manila. Tan Sri Dato' Prof. Lin is Chairman Emeritus of Harvard University's Graduate School Alumni Association Council in Cambridge (USA) as well as President, Harvard Club of Malaysia. He is also Pro-Chancellor & Research Professor, Sunway University; Pro-Chancellor, Universiti Teknologi Malaysia; Professor of Economics (Adjunct), Universiti Utara Malaysia; and Trustee of the Tun Ismail Ali Foundation (PNB), Harvard Club of Malaysia Foundation, Prime Minister's Exchange Fellowship Malaysia, Malaysian Economic Association Foundation and Jeffrey Cheah Foundation. Professionally qualified in the United Kingdom as a Chartered Statistician, Tan Sri Dato' Prof. Lin is also banker, economist and venture entrepreneur, having received three post-graduate degrees from Harvard University (including a PhD in Economics) where he was a Mason Fellow and Ford Scholar. He is a British Chartered Scientist. Tan Sri Dato' Prof. Lin is an Eisenhower Fellow and a Fellow of the IMF Institute (Washington DC), Royal Statistical Society (London), Asian Institute of Chartered Bankers, Malaysian Insurance Institute (Hon.), Malaysian Institute of Management and Malaysian Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies in Malaysia. Tan Sri Dato' Prof. Lin advises the Board of several public companies, and a number of business enterprises in Malaysia, Singapore and Indonesia engaged in mining, petroleum related products, property development, software and private equity.
Public Company Directorship(s)	: IGB REIT Management Sdn Bhd (Manager of IGB Commercial Real Estate Investment Trust) (Chairman/INED) Ancom Berhad (Non-Executive Director) Nylex (Malaysia) Berhad (Non-Executive Director) Sunway Berhad (Non-Executive Director) Wah Seong Corporation Berhad (Non-Executive Director)

DATO' SERI ROBERT TAN CHUNG MENG

(Malaysian, male, age 69)

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

Board Appointment	: 21 March 2012
Academic/Professional Qualification/Working Experience	: Dato' Seri Robert Tan has vast experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years experience in the property and hotel industries. After studying Business Administration in the United Kingdom, he was attached to a firm of chartered surveyor for a year. He had developed a housing project in Central London before returning to Malaysia. His stint in the property industry began with IGB Corporation Berhad (IGBC) in 1995 when he was appointed Joint MD and subsequently redesignated to Group MD in 2001. He was involved in various development projects carried out by IGBC Group, in particular Mid Valley City. From inception to the realisation of Mid Valley Megamall (MVM) and The Gardens Mall (TGM), he was actively involved in every stage of their developments. He is instrumental to the development and success of MVM and TGM, and more importantly, in retaining their positions as prime shopping hotspots in the Klang Valley. Following the delisting of IGBC on 16 March 2018, he was appointed as Group Chief Executive Officer (CEO) of IGB Berhad (IGB) on 30 March 2018. Dato' Seri Robert Tan was the recipient of "The Edge Malaysia Outstanding Property CEO Award 2019".
Public Company Directorships	: IGB (Group CEO) IGB REIT Management Sdn Bhd (Manager of IGB Commercial Real Estate Investment Trust) (MD/NIED) IGBC (Group MD) Tan & Tan Developments Berhad Wah Seong Corporation Berhad (Non-Executive Chairman) Yayasan Tan Kim Yeow

PROFILE OF DIRECTORS

(continued)

HALIM BIN HAJI DIN

(Malaysian, male, age 75)

Independent Non-Executive Director (INED)

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

LE CHING TAI @ LEE CHEN CHONG

(Malaysian, male, age 80)

Independent Non-Executive Director (INED)

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

PROFILE OF DIRECTORS

(continued)

ROBERT ANG KIM PACK

(Malaysian, male, age 64)

Independent Non-Executive Director (INED)

Board Appointment : 26 August 2020

Board Committee(s) : A member of Remuneration and Nomination Committees

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

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

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

ELIZABETH TAN HUI NING

(Malaysian, female, age 38)

Non-Independent Executive Director (NIED)

Board Appointment : 27 April 2012

Board Committee(s) : A member of Retail Risk Management and Sustainability Committee

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

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

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

TAN MEI SIAN

(Malaysian, female, age 38)

Non-Independent Executive Director (NIED)

Board Appointment : 11 June 2020

Board Committee(s) : A member of Retail Risk Management and Sustainability Committee

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

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

PROFILE OF DIRECTORS

(continued)

TAN LEI CHENG

(Malaysian, female, age 64)

Non-Independent Non-Executive Director (NINED)

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

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

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

(Malaysian, male, age 58)

Non-Independent Non-Executive Director (NINED)

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

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

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

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

1. Except for Dato' Seri Robert Tan Chung Meng, Elizabeth Tan Hui Ning, Tan Mei Sian, Tan Lei Cheng and Tan Boon Lee, none of the Directors has any family relationship with any Directors and/or major shareholder of the Manager and/or major unitholders of IGB REIT.
2. None of the Directors has any conflicts of interest with the Manager and/or IGB REIT other than the related party transactions as disclosed in the [Corporate Governance Overview Statement](#) of this Annual Report.
3. None of the Directors has been convicted of any offence (other than traffic offences) within the past 5 years.
4. None of the Directors has been imposed with public sanction or penalty by the relevant regulatory bodies during FY2021.
5. Details of attendance of Board and Board Committees by each Director of the Manager held in FY2021 are contained in the [Corporate Governance Overview Statement](#).
6. Details of unitholdings held by each Director of the Manager in IGB REIT are contained in the [Unitholding Statistics](#) of this Annual Report.

PROFILE OF MANAGEMENT

ANTONY PATRICK BARRAGRY

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

Appointment : 1 September 2012

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

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

He does not have (a) any family relationship with any Director and/or major shareholder of the Manager and/or major unitholders of IGB REIT; (b) any conflict of interest with the Manager and/or IGB REIT; (c) any conviction of offences (other than traffic offences) within the past 5 years; (d) any public sanction and/or penalty imposed by the relevant regulatory bodies during FY2021.

WONG KHIM CHON

Deputy Chief Executive Officer

Appointment : 1 June 2021

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

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

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

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

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

PROFILE OF MANAGEMENT

(continued)

ELIZABETH TAN HUI NING

Joint Chief Operating Officer and Head of Operations/Leasing, The Gardens Mall

Please refer to description under the heading [Profile of Directors](#) in this Annual Report.

TAN MEI SIAN

Head of Strategy & Risk

Please refer to description under the heading [Profile of Directors](#) in this Annual Report.

DANIEL YONG CHEN-I

Joint Chief Operating Officer (Joint COO), Mid Valley Megamall (MVM)

Appointment : 1 September 2012

Academic/Professional : Daniel Yong Chen-I is a law graduate from University of Bristol, England.

Qualification/Working

Experience

He is the Joint COO, MVM. He joined Mid Valley City Sdn Bhd (MVC) in 1999 as a member of the pre-opening retail development team. He was appointed Executive Director of MVC in 2003 and currently the Chief Executive Officer, responsible for overseeing the management and operation of MVM. He was also involved in the design and pre-opening of The Gardens Mall from 2004 to 2007. His prior work experience includes the development of bespoke systems with BYG Systems Ltd in England and Operational Management with Wah Seong Engineering Sdn Bhd, the distributor and manufacturer for Toshiba Elevator and Escalators in Malaysia.

CHAI LAI SIM

Chief Financial Officer

Appointment : 1 September 2012

Academic/Professional : Chai Lai Sim is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

Qualification/Working

Experience

She has over 30 years of experience in audit, corporate finance, capital management strategy including treasury, financial accounting and taxation in property development, commercial and retail property investment and hospitality industries. She began her career as an articled student with Coopers & Lybrand (now known as PriceWaterhouseCoopers) before joining Tan & Tan Developments Berhad (Tan & Tan) as Group Financial Controller in 1993. Following the completion of the merger between Tan & Tan and IGB Corporation Berhad (IGBC) in 2002, she was appointed Senior Group General Manager of Group Finance and subsequently as Group Chief Financial Officer of IGBC. After the privatisation of IGBC by IGB Berhad (IGB) on 16 March 2018, she was appointed as Group Chief Financial Officer of IGB.

CHOW YENG KEET

Head of Investment

Appointment : 1 September 2012

Academic/Professional : Chow Yeng Keet holds a Bachelor of Economics (First Class Honours) from University of Malaya, a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

Qualification/Working

Experience

He has working experience in corporate finance and advisory covering mergers and acquisitions, equity and debt fund raising, capital management and restructuring, valuations as well as take-over offers. He started his career as Corporate Finance Executive with the then Sime Merchant Bankers Berhad in 1997. Thereafter, he was with Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) where his last position was Corporate Finance Manager prior to joining IGB Corporation Berhad (IGBC) in 2004. He was appointed as Senior General Manager, Corporate Finance of IGBC from 1 January 2017. After the privatisation of IGBC by IGB Berhad (IGB) on 16 March 2018, he resumed the same role at IGB. He is also Director of Finance of Mid Valley City Sdn Bhd.

PROFILE OF MANAGEMENT

(continued)

TINA CHAN LAI YIN

Head of Compliance/Company Secretary

Appointment : 1 September 2012

Academic/Professional : Tina Chan is a Fellow of the Institute of Chartered Secretaries and Administrators.

Qualification/Working

Experience

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

RENNIE LEE CHAI TIN

Head of Operations/Leasing, Mid Valley Megamall (MVM)

Appointment : 1 September 2012

Academic/Professional : Rennie Lee joined Mid Valley City Sdn Bhd (MVC) in 1995. She has more than 30 years of work experience in leasing and operations within the retail industry. She is credited with being part of the founding team in the marketing of Mid Valley City. Her previous work experience includes leasing and marketing of Mahkota Parade in Malacca, Subang Parade and IOI Shopping centres in Kuala Lumpur. She was a key member of MVM pre-opening team. She is also General Manager of MVC.

Qualification/Working

Experience

KO CHAI HUAT

Head of Marketing, Mid Valley Megamall (MVM)

Appointment : 1 September 2012

Academic/Professional : Ko Chai Huat joined Mid Valley City Sdn Bhd (MVC) in 1999. He has more than 30 years of work experience in visual merchandising as well as advertising and promotions. He was formerly Visual Merchandising Manager at Atria Shopping Centre in Petaling Jaya. He directs, conceptualise and leads all design set ups for promotional activities and events in MVM. He was a key member of MVM pre-opening team. He holds a Diploma in Fine Arts. He is also Director of Design of MVC.

Qualification/Working

Experience

GABRIELLE TAN HUI CHWEEN

Head of Marketing, The Gardens Mall (TGM)

Appointment : 1 September 2012

Academic/Professional : Gabrielle Tan holds a Bachelor of Arts in Business Economics from the University of Exeter, United Kingdom and a Bachelor of Fine Arts in fashion design and marketing from American Intercontinental University, London, United Kingdom.

Qualification/Working

Experience

She joined Mid Valley City Gardens Sdn Bhd as Head of Marketing in 2008 and subsequently assumed the role of Director of Marketing. She oversees the advertising and promotions activities as well as the public relations initiatives at TGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE MANAGER

IGB REIT Management Sdn Bhd (IGBRM or Manager) is the responsible entity of IGB Real Estate Investment Trust (IGB REIT). The Manager was appointed in accordance with the terms of the deed of trust constituting IGB REIT dated 18 July 2012 (as supplemented on 25 October 2018) (Deed).

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

The Manager has general powers of management over the assets of IGB REIT. The Manager's main responsibility is to manage IGB REIT's assets and liabilities for the benefit of UHs. The primary role of the Manager is to set the strategic business direction of IGB REIT in accordance with its mandate and make recommendations to MTrustee Berhad (in its capacity as the trustee of IGB REIT) (Trustee), on any investment and divestment opportunities in accordance with the stated investment strategy of IGB REIT.

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

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

For the financial year ended 31 December 2021 (FY2021), save as stated in this CGOS, IGB REIT has complied with the core principles of CG laid down by MCCG and also, in all material respects, with the best practices that underpin the principles of MCCG. Where the Manager's practices vary from any MCCG best practices, the Manager has provided explanations for such deviation and details of the alternative practices. The Manager would strive to continuously enhance its governance arrangements to reflect changing conditions and emerging sound practices, as appropriate.

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

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Practice 1.1

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

The Manager adopts the principles that an effective Board is one constituted with the right core competencies and diversity of experience, so that the collective wisdom of the Board can give guidance and provide insights as well as strategic thinking to the management.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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

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

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

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

Practice 1.2

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

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

Practice 1.3

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

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

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

Practice 1.4

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Practice 1.5

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

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

Practice 1.6

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

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

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

In addition to scheduled meetings, the Board may also hold ad-hoc meetings as required by business imperatives or particular circumstances. At each scheduled Board meeting, the Board is apprised of IGB REIT's financial and portfolio performance, including IGB REIT's quarterly financial results and business outlook (following AC's review of the same at its meeting which is typically scheduled before the Board meeting), decisions made or salient issues discussed by the BCs, risks and mitigation measures, regulatory and compliance updates, as well as mandate sought by Management, including, where applicable, relevant budgets, business plans and forecasts. Consistent with their fiduciary duties, Directors should act objectively in the best interest of IGB REIT. As such, any Director who has or appears to have a direct/deemed interest that may conflict with a subject under discussion by the Board or BC shall declare his/her interest and recuse himself/herself from the information flow and discussion of the subject matter. He/she will also abstain from any decision-making on the subject matter. Every Director has complied with this standing policy, and where relevant, such compliance has been duly recorded in the meeting minutes or written resolutions. Directors are also expected to maintain confidentiality of the deliberations of the Board and BCs. All proceedings of Board and BC meetings are duly recorded in the minutes of each meeting and circulated promptly to every Board or BC member for their comments prior to confirmation of the minutes. The attendance of Directors at the Board and BC meetings held during FY2021 is disclosed in [Appendix 1](#). CEO, DCEO and CFO also attended the Board meeting on an ex-officio basis.

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

It is incumbent on the Board to ensure they are current and Directors should always be learning to increase their collective effectiveness. The Board ensures that its members have access to appropriate education programmes to stay updated on relevant developments, and to enhance their skills and strengthen their participation in Board/BC deliberations. HOC/CS keeps Directors informed of the series/talks organised by regulatory bodies as well as facilitates the organisation of in-house training/development programmes. Directors are also provided with timely briefings on all material developments in laws, regulations and accounting standards periodically at Board/BC meetings. Directors may also attend other relevant trainings of their choice in connection with their duties as Directors. The Manager maintains a record to track Directors' attendance at training and professional development courses. Details of the seminars/webinars that Directors and Capital Market Services Representative Licence (CMSRL) holders of the Manager attended during FY2021 are set out in [Appendix 1](#).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Practice 2.1

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

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

The Board's functions are governed and regulated by its Charter (last updated on 20 September 2021), Constitution, REIT Guidelines, CMSA, MMLR and various applicable legislation. The Charter sets out the respective authority, functions, responsibilities and processes of the Board, BCs, Management and those matters expressly reserved for the Board, and those delegated to BCs and Management. The Charter is reviewed on a regular basis to enhance its processes and procedures and ensure alignment with new requirements and regulations.

As described above, the Board is responsible for the governance of the Manager and IGB REIT as well as provides leadership in shaping the strategic direction of the Manager and IGB REIT. The Board fulfils its mandate at regularly scheduled meetings and as warranted by particular circumstances. BC members are chosen for the skills and experience they can contribute to the respective BCs. Each BC is composed of members of the Board save for Retail RMSC with 2 out of 6 members are EDs and is led by CEO. The objective, remit and powers of each BC are established in the Charter. Topics of discussion and frequency of meetings will vary depending on each BC's terms of reference (ToR) and the portfolio's complexity. BC meeting minutes are included as part of the Directors' meeting materials to keep Directors updated on each BC's activities. The role, function, performance and membership of each BC is reviewed on an annual basis as part of the Board's performance-assessment process. The board evaluation performed in January 2022 showed that all BCs had effectively discharged their function.

Whilst the Board oversees the strategic plan and direction of the Manager and IGB REIT, MD has full executive responsibilities over the strategic planning of the Manager and IGB REIT. CEO leads Management in making and implementing day-to-day decisions on business operations and management of IGB REIT and managing resources and risks in pursuing the investment objectives of IGB REIT, in accordance with the Board approved policies and delegations of authority.

Practice 3.1

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

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

The Manager has in place a Code (last updated on 20 September 2021). The objective of the Code is to ensure that Directors, other stakeholders and the broader community can be confident that the Manager and IGB REIT conduct their affairs honestly and in accordance with ethical values and practices. The Board is guided by the Code in discharging its oversight role effectively. The Code requires all Directors to observe high ethical business conduct, honesty and integrity and to apply these values to all aspects of the business and professional practice of the Manager and act in good faith in the best interests of the Manager, IGB REIT and UHs.

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

(II) Operations Manual

Since the Manager is a holder of CMSL for REIT management and regulated by the SC, IGB REIT has an Operations Manual (last updated on 20 September 2021) that documents the regulations under the REIT Guidelines, CMSA and MMLR that are applicable to IGB REIT, as well as the accompanying requirements and guidelines applicable to the Manager. Below is a summary of the key governance policies the Manager has implemented:

(a) Fit and proper (FAP) criteria

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

(b) Dealing with COI

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

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

The Manager also manages IGB Commercial Real Estate Investment Trust (IGBCR) which was listed on the Main Market of Bursa Securities on 20 September 2021. IGB REIT and IGBCR have different investment policies. IGB REIT's principal investment policy is to invest in income-producing real estate primarily used for retail purposes. In comparison, IGBCR's principal investment policy is to invest in income-producing real estate primarily used for commercial purposes.

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

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

(c) Dealing in securities

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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

At the Ninth Annual General Meeting of IGB REIT on 26 April 2021 (9th AGM), a general mandate under paragraph 10.09(2) of the MMLR for IGB REIT to enter into RRPT with IGB Group had been obtained from UHs. Based on the actual amount transacted from the date of 9th AGM up to the date of this CGOS, the actual value of RRPT has not exceeded the estimated value by 10% under the mandate. The details of RRPT entered into by IGB REIT with IGB Group in FY2021 pursuant to the mandate are disclosed in [Appendix 2](#).

Paragraph 9.02 of the REIT Guidelines provides that if a management company manages more than one REIT and a transaction involves 2 or more of the REITs managed by the management company, transactions between these 2 REITs are deemed as RPT for each of the REIT involved in the transactions. In this respect, on 26 January 2022, IGB REIT announced its intention to seek UH approval for new RRPT (with IGBCR) and renewal of existing RRPT (with IGB Group) (RRPT Mandate) at its Tenth AGM to be held on 28 April 2022 (10th AGM). The RRPT that have been entered into and will be entered into by IGB REIT with IGB Group and IGBCR are necessary for its business and are intended to meet the ordinary and usual course of business needs at the best possible terms. These RRPT are likely to occur on a frequent and recurrent basis from time to time. In addition, these transactions may be constrained by time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek UHs' prior approval on a case-by-case basis before entering into such transactions. The RRPT Mandate will eliminate the need to convene GM and/or to make announcement separately for the entry by IGB REIT into such transactions. This will reduce the associated expenses, improve administrative efficiency and allow resources to be channelled towards attaining other corporate objectives. Directors who have interests in the RRPT Mandate have abstained from all Board deliberations and voting and would ensure that they and any person connected with them would also abstain from voting on the RRPT Mandate at the 10th AGM of IGB REIT. The details of the RRPT Mandate are set out in the [Circular to Unitholders – RRPT Mandate](#) (Circular).

AC had at its meeting in January 2022 reviewed the Circular, and having considered, among others, the nature of RRPT to be made were intended to meet the ordinary and usual course of business needs of IGB REIT 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 IGB REIT's usual practices and policies, as well as the procedures and processes established to regulate RRPT, was satisfied that adequate processes and controls were in place for monitoring, tracking and identifying RRPT in a timely and orderly manner.

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

- (ix) unless permitted by law, the Manager and its Directors and Officers are prohibited from disclosing the fact that a STR or related information is being filed with the FIED. It is an offence to disclose any information that a suspicion has been formed or that information or a STR has been communicated to the FIED and the SC or to infer any of these have occurred unless such disclosure is made pursuant to the provisions under the AMLATFA.

There were zero cases of fines and non-monetary sanctions for non-compliance with laws and/or regulations by IGB REIT and the Manager or its Directors during FY2021. The Manager will continue to keep abreast of changing regulatory requirements and regulations, where these changes have an important bearing on the disclosure obligations of IGB REIT, the Manager or its Directors.

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

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

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

There were zero instances of bribery, corruption and fraud reported during FY2021.

Practice 3.2

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

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

There have been no incidents reported or complaints submitted pertaining to whistleblowing for FY2021.

Practice 4.1

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

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

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

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

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

Practice 4.2

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

The Manager has made strides in recent years in addressing ESG-related risks and opportunities that have a strategic significance to IGB REIT's business activities (strategy, operations, risk management, and corporate culture). As disclosed in the annual reporting under the heading Sustainability Statement, the Manager is transparent about how sustainability is embedded in IGB REIT's business and the progress IGB REIT is making in terms of reaching its sustainability goals in the areas of environmental (energy efficiency, water management, waste management), social (security and occupational health and safety, customer engagement, human capital management, data protection) and governance (compliance risk, corporate risk management, bribery and corruption, whistleblowing). Through monitoring efforts during FY2021, the Manager continues to identify areas for improvement at IGB REIT's portfolio of properties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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

Practice 4.3

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

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

Practice 4.4

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

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

Practice 4.5 (Step Up)

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

As described in Practice 4.1 above, Retail RMSC is in charge of overseeing sustainability matters of IGB REIT – identification, assessment, and disclosures of such risks, and these data flow into the boardroom to ensure the discussion is well informed.

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

Practice 5.1

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

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

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

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

Practice 5.2

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

In FY2021, none of the INEDs had any business relationship with the Manager, its related companies, its substantial SHs or its officers, as well as with IGB REIT and its substantial UHs that could interfere, or be reasonably perceived to interfere, with the exercise of the INED's independent business judgement in the best interests of IGB REIT.

Practice 5.3

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

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

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

NC is also responsible for determining the independence of NEDs on an annual basis. In its review for FY2021, NC (each member recused himself when his independence was tabled for assessment) had endorsed in its recommendation to the Board that the INEDs remained objective and independent, evidenced by their ability to demonstrate the values and principles associated with independence during Board/BC discussions such as impartiality, objectivity and consideration of the interests of IGB REIT and its UHs, and they had and would continue to provide their input to the Board in discharging their responsibilities in an independent manner with integrity and competency.

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

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

Practice 5.4 (Step Up)

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

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

Practice 5.5

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

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

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

Talent development and succession planning are key priorities to the Board in ensuring a high-performing Management, which contributes to the Manager sustainability and competitiveness. The Manager recruits and promotes individuals based on merit, performance and capability. The selection process for appointments will have regard for the need to maintain an appropriate mix of skills, experience, expertise and diversity and therefore, ensuring that individuals appointed to the relevant senior positions have the appropriate fitness and propriety to discharge their prudential responsibilities on appointment and during the course of their appointment. This is the approach taken during FY2021 for the appointment of Wong Kim Chon as DCEO, after having regard to his credentials and experience, as reviewed by the RC, with the endorsement of the Board.

RC also met on 26 October 2021 to consider service contract renewals for EDs and Management. Having assessed the individual performance, RC had recommended to extend their employment with all contract extension remained on materially the same terms, with which the Board approved.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Practice 5.6

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

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

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

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

Practice 5.7

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

There have been no changes to the composition of the Board during FY2021.

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

Practice 5.8

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

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

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

Practice 5.9

The board comprises at least 30% women directors

As at 26 January 2022, the proportion of women employed by the Manager was, Board @ 33.3% and Management @ 54.5%.

Practice 5.10

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

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

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

Practice 6.1

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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

The last performance evaluation was carried out on 26 January 2022 in respect of FY2021. In its assessment, NC took into consideration the Directors' attendance, contribution and participation at Board and BC meetings, Directors' individual evaluations, the intrinsic values demonstrated by INEDs and the overall effectiveness of the Board in steering and overseeing the conduct of the Manager's business vis-à-vis IGB REIT, and concluded that the Board as a whole and its BCs have performed well with the individual's creditability to add value to the Board and BC deliberations and exercise objective judgement in decision-making processes, and each Director has given sufficient time and attention to the affairs of IGB REIT and has been able to discharge his/her duties as a Director effectively notwithstanding he/she may have multiple listed company board representations and/or other principal commitments.

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

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

Practice 7.1

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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

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

Practice 7.2

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

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

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

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

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

Practice 8.1

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

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

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

Note:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Practice 8.2

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

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

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

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

Note:

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

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

Practice 8.3 (Step Up)

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

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Practice 9.1

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

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

Practice 9.2

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

Under AC's ToR (last updated on 20 September 2021), where a firm has been appointed as the external auditor (EA) of IGB REIT, any partner of the audit firm and/or its affiliates must not serve or be appointed as a Director, including as a member of AC until at least 3 years after he/she ceases to be a partner of that firm. None of AC members are former partners of the incumbent EA, PricewaterhouseCoopers PLT (PwC).

Practice 9.3

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

AC monitors and reviews the effectiveness of the external audit process for the financial statements of IGB REIT and undertakes a detailed review of the audit plan and audit results report. Any concern with the effectiveness of the external audit process will be reported to the Board. No concerns were raised in respect of IGB REIT Financial Statements FY2021.

AC is tasked with the annual assessment process on the performance and quality of EA and their independence, objective and professionalism. Following this year's evaluation using a questionnaire-based internal review as well as input from CFO who has constant contact with PwC team throughout the year, AC was satisfied with PwC's technical competency in terms of their skills, execution of audit plan, reporting and overall performance. PwC has provided a confirmation of their independence to AC that they were and had been independent throughout the conduct of the audit engagement in accordance with the provisions of By-Laws on Professional Independence of MIA and their firm's requirements for the audit of IGB REIT Financial Statements FY2021. The statement of EA's responsibilities on IGB REIT Financial Statements FY2021 is set out in this AR under the heading Independent Auditors' Report.

AC has reviewed the non-audit fees paid to PwC during FY2021, and was satisfied that given the nature and extent of the non-audit services provided, neither the independence nor objectivity of PwC have been compromised by the provision of such non-audit services. For FY2021, IGB REIT paid RM132,680 (RM121,130 for audit services and RM11,550 for advisory services) to PwC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Practice 9.4 (Step Up)

The AC should comprise solely of IDs.

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

Practice 9.5

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

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

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

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

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

During FY2021, AC reviewed the quarterly and full-year financial results of IGB REIT before recommending to the Board for approval on the release of the quarterly results and the financial statements, as well as the annual audit plans from the external and internal auditors to ensure that the scope of the plans have covered sufficiently the audit of the financial statements and internal controls of IGB REIT. AC has met separately with EA, without the presence of Management twice in FY2021, to discuss and to confirm that they had full access to and received cooperation and support from Management. In the review of IGB REIT Financial Statements FY2021, AC has discussed with CFO the accounting principles that were applied and considered the clarity of key disclosures in the financial statements. AC also reviewed the key audit matters as reported by EA for FY2021. Tasks performed by AC during FY2021 are described in greater details under the heading [Audit Committee Report](#) in this AR.

AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with training conducted by professionals or external consultants. Updates on developments in accounting and governance standards are presented by EA at AC meetings. Details of the seminars/webinars that AC members attended during FY2021 are set out in [Appendix I](#).

Practice 10.1

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

Practice 10.2

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

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

The Manager has established a strategy and risk framework for IGB REIT (Framework) (last updated on 26 January 2022). The Framework integrates the enterprise risk management with business strategies and processes, thus providing IGB REIT a holistic and consistent process for the continuous identification of key risks, management and monitoring of risks as well as quarterly reporting of the risks to the Board. The ownership of these risks lies with CEO and the function heads of the Manager, with stewardship residing with the Board.

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

Each year, in consultation with AC, Retail RMSC and IA, the Board assesses the adequacy and effectiveness of risk management and internal controls of IGB REIT. Based on the system of internal controls and Framework established and maintained by IGB REIT, the audits conducted by internal and external auditors, reviews performed by Retail RMSC, and the receipt of assurance from MD and CFO, the Board with the concurrence of AC was satisfied that IGB REIT's internal controls and risk management systems put in place during FY2021 were adequate and effective to address the material financial, operational, compliance and IT risks faced by IGB REIT.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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

Practice 10.3 (Step Up)

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

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

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

Practice 11.1

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

Practice 11.2

The board should disclose –

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

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

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

IA adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of IGB REIT. 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 IGB REIT. IA also performs investigations and ad-hoc reviews as and when the need arises, or when requested by Management.

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

The scope of IA reviews is carried out in accordance with the yearly plans prepared by IA and approved by AC. During FY2021, IA conducted its audit reviews based on IA 2021 Plan and issued multiple reports covering all levels of operations within the Manager and IGB REIT, and monitored the status of management action plans resulting from audit findings to ensure completion and reports progress each quarter to AC. A total of 20 audit reports (including progress reports and special reports) were issued by GIAD for the assignment conducted on the Manager and IGB REIT, and most findings were rated satisfactory while some required improvements relating to control weaknesses, compliance shortcomings, and documentation anomalies whereby all gaps had since been addressed. IA is responsible only for the facilitation and assistance to Retail RMSC by assessing the adequacy and effectiveness of the management processes and procedures. Details of IA functions and activities are disclosed in this AR under the heading Audit Committee Report and Statement of Risk Management and Internal Control.

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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

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

Practice 12.1

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

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

Other than publicly released announcements and its corporate website, the Manager also provides a specific investor relations contact (investor-relations@igbreit.com) through which UHs and the investment community are able to ask questions and receive responses in a timely manner. As part of IGB REIT's active investor relations programme, the Manager conducts regular briefings for other stakeholders from the wider investment community, such as analysts and media representatives, in conjunction with the release of IGB REIT's results and business updates. Information that is price-sensitive or that may be regarded as undisclosed material information about IGB REIT is not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

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

Practice 12.2

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

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

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

Practice 13.1

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

IGB REIT has been issuing notices to the UHs 28 days prior to AGMs. The notice sets out the business to be transacted at AGM with explanatory notes for each resolution proposed to enable UHs to make informed decisions in exercising their voting rights. Any UH who is not able to attend AGM is allowed to appoint up to 2 proxies to vote on his/her behalf at the meeting through proxy forms sent before the proxy submission cut-off time. UHs are also invited to submit questions before AGM. This helps the Manager to understand UHs' issues and concerns and address key areas of UHs' feedback.

Practice 13.2

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

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

As described in Practice 13.3 below, all Directors and CEO attended the virtual 9th AGM held last year.

Practice 13.3

Listed companies should leverage technology to facilitate –

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Due to Covid-19 (C19) restrictions and advisories issued by the relevant government authorities and the related safe distancing measures that were in effect at the relevant time, the proceedings of the 9th AGM of IGB REIT on 26 April 2021 was conducted in a virtual manner through live streaming from the broadcast venue. UHs and proxies were able to log in and participate remotely, as well as pose questions/clarifications on the relevant agenda items as well as information on IGB REIT's operations via the technology platform provided by the unit registry, Tricor Investor & Issuing House Services Sdn Bhd. The 9th AGM, chaired by TSL, in the presence of members of the Board, was participated by 964 UHs and proxies, who represented 28.25% (excluding RPs) of the voting rights, approved the submitted resolution. The voting results were displayed live on-screen, uploaded on the BursaLINK and made available on IGB REIT's website after the AGM. The minutes was uploaded to IGB REIT's website within 5 days from the date of the AGM.

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

Practice 13.4

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

GMs of IGB REIT are the principal forum for dialogue and interaction between the Board and UHs. The Board encourages active UH participation at the GMs and opportunity is given to every UH to interact with Directors and Management, to ask questions on the relevant agenda items and to communicate their views or seek information on IGB REIT matters. Prior to voting at an AGM or any other GM, the voting procedures will be made known to the UHs to facilitate them in exercising their votes. At an AGM, each distinct issue is proposed as a separate resolution and put to vote by way of electronic polling. An independent scrutineer is appointed to validate the vote tabulation procedures. Results of the poll voting (votes cast for or against or abstain from voting, and their respective percentages) are displayed live on-screen to UHs immediately at such AGM or GM, and also announced in a timely manner after the meetings via the BursaLINK and on IGB REIT's website.

Practice 13.5

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

As mentioned in Practice 13.3 above, IGB REIT hosted its 9th AGM in virtual proceedings, where the meeting was conducted via live streaming and online voting. UHs were given opportunity to communicate their views and to raise pertinent questions to the Directors and to participate effectively in and vote at the AGM.

Given that Malaysia and other countries in the world have yet to transition from a pandemic to an endemic due to the emergence of new variants to the SARS-CoV-2 virus, the Board has decided to conduct the 10th AGM as a virtual event similar, as it did with the 9th AGM. This measure is intended in particular to avoid health risks for UHs, employees, external service providers as well as Board members.

Details of how UHs will be able to join, vote and submit questions in advance of the virtual AGM can be found in **Notice of 10th AGM** accompanying **Virtual AGM Guide** as set out in this AR. Should UHs wish to have a printed copy of the AR, they may also submit a request via email to IGB REIT at corporate-enquiry@igbreit.com.

Practice 13.6

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

Minutes of GMs (including substantial and relevant comments or queries from UHs, and responses from the Board and Management Team) are posted on IGB REIT's website within 5 business days upon conclusion of the proceedings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Appendix 1

ATTENDANCE RECORD OF DIRECTORS AND CEO AT BOARD AND BC MEETINGS, AND IGB REIT'S AGM IN FY2021

	Board	AC	NC	RC	RMSC	AGM
Number of meetings during FY2021	4	4	3	2	4	1
TSL	4	4	3	2	N.A.	1
HHD	4	4	3	2	N.A.	1
LCC	4	4	3	2	N.A.	1
AKP	4	N.A.	3	2	N.A.	1
DSRT	4	4*	2*	2*	N.A.	1
ETHN	4	N.A.	N.A.	N.A.	4	1
TMS	3	N.A.	N.A.	N.A.	3	1
TLC	4	N.A.	3	2	N.A.	1
TBL	3	N.A.	N.A.	1*	N.A.	1
Antony Patrick Barragry, CEO	4*	N.A.	N.A.	N.A.	4	1

Note:

* Attendance by invitation

CONTINUING PROFESSIONAL DEVELOPMENT

In FY2021, the Board and CMSRL holders attended or participated in one or more of the following seminars/webinars which they have individually or collectively considered as relevant and useful to enhance their business acumen and professionalism in discharging their duties to the Manager and IGB REIT:

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

Note:

* TSL as guest speaker/panelist

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Appendix 2

RRPT MANDATE

At its 9th AGM in 2021, IGB REIT obtained a general mandate for IGB REIT to enter into RRPT with IGB Group. Based on the actual amount transacted from the date of 9th AGM up to the date of this CGOS, the actual value of RRPT has not exceeded the estimated value by 10% under the mandate. The following table set forth the RRPT entered into by IGB REIT with IGB Group during FY2021 pursuant to the mandate:

RP	RRPT Nature	Actual Value FY2021 RM'000	Estimated Value RM'000	Interested RPs
IGB Group ^(a)	Retail leases, car park and related services	3,193	70,000	IGBRM ^(b) IGB Corporation Berhad (IGBC) ^(b) IGB ^(b) DSRT ^(c) ETHN ^(d) TMS ^(e) TLC ^(f) TBL ^(g) Pauline Tan Suat Ming (PTSM) ^(h) Tony Tan Choon Keat (TTCK) ⁽ⁱ⁾ Tan Chin Nam Sdn Bhd (TCNSB) ^(j) Tan Kim Yeow Sdn Bhd (TKYSB) ^(k) Wah Seong (M) Trading Co. Sdn Bhd (WSTSB) ^(l) Daniel Yong Chen-I (DYCI) ^(m) Gabrielle Tan Hui Chween (GTHC) ⁽ⁿ⁾
	Provision of chilled water and liquefied petroleum gas	5,255		
	Receipt of upgrading, repair and maintenance works	830		
	Receipt of information system services and products	411		
	Receipt of tenant sales verification audit and special review	99		
	Management fee	29,155		
	TOTAL	38,943		

Notes:

^(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) IGBRM is a wholly-owned subsidiary of IGBC, which in turn is wholly-owned by IGB, a major UH of IGB REIT.

^(c) DSRT is MD and Non-Independent Executive Director (NIED) of IGBRM; Group CEO and NIED of IGB; a director of certain subsidiaries within IGB Group, WSTSB Group and TKYSB Group; a major UH of IGB REIT; a major SH of IGB; a substantial SH of TKYSB; the father of ETHN and GTHC; and a brother of PTSM and TTCK.

^(d) ETHN is NIED of IGBRM; a director of certain subsidiaries within IGB Group; a daughter of DSRT; and a sister of GTHC.

^(e) TMS is NIED of IGBRM; alternate to TLC on the board of IGB; and a director of certain subsidiaries within IGB Group and WSTSB Group.

^(f) TLC is Non-INED of IGBRM; Chairman and Non-INED of IGB; a director of certain subsidiaries within IGB Group, TCNSB Group and WSTSB; and a sister of TBL.

^(g) TBL is Non-INED of IGBRM; the Deputy Group CEO of IGB; a director of certain subsidiaries within IGB Group, TCNSB Group and WSTSB Group; and a brother of TLC.

^(h) PTSM is a director of WSTSB Group and TKYSB Group; a major UH of IGB REIT; a major SH of IGB; a substantial SH of TKYSB; the mother of DYCI; and a sister of DSRT and TTCK.

⁽ⁱ⁾ TTCK is a director of TKYSB Group; a major UH of IGB REIT; a major SH of IGB; a substantial SH of TKYSB; and a brother of DSRT and PTSM.

^(j) TCNSB is a major UH of IGB REIT; a major SH of IGB; a substantial SH of WSTSB; and a person connected to TLC, TBL and TMS.

^(k) TKYSB is a major UH of IGB REIT; a major SH of IGB; a substantial SH of WSTSB; and a person connected to DSRT, PTSM, TTCK, ETHN, DYCI and GTHC.

^(l) WSTSB is a major UH of IGB REIT; a major SH of IGB; and a person connected to DSRT, PTSM, TTCK, TCNSB and TKYSB.

^(m) DYCI is a director of certain subsidiaries within IGB Group; alternate to PTSM on the board of WSTSB Group; and a son of PTSM.

⁽ⁿ⁾ GTHC is a director of certain subsidiaries within IGB Group; a daughter of DSRT; and a sister of ETHN.

AUDIT COMMITTEE REPORT

AC ROLE

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

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

Currently, the AC comprises 3 members, all of whom are INEDs, and as such there is a strong and independent element to provide effective oversight for it to function effectively and exercise objective judgements independently. AC members collectively have relevant expertise and experience in financial management and are appropriately qualified to discharge their responsibilities. The annual review of the composition and performance of AC, including members' tenure, performance and effectiveness as well as their accountability and responsibilities, was duly assessed via the annual board performance-assessment. Based on the evaluation for FY2021, the Board was satisfied that AC has continued to show strong performance over the years, and AC members, as indicated in their profiles, have sound judgement, objectivity, independent attitude, management experience, integrity, knowledge of the industry, and financially literate. With balanced diversity of skills and experience, they have discharged their functions, duties and responsibilities, supporting the Board in ensuring that the Manager and IGB REIT uphold appropriate corporate governance (CG) standards.

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

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

This Audit Committee Report (ACR) provides a summary of the activities carried out by AC during the year to 31 December 2021 (FY2021) and to the date of this ACR in conducting its affairs and discharging its responsibilities.

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

AC MEETINGS

AC meetings in 2021 were pre-arranged in July 2020 together with the Board and other Committee meeting schedules. The schedule of business considered by AC covered the key areas within its remit and is supported by information provided by Management, external and internal auditors. Meeting materials, both digital and printed copies, are sent to AC members at least 5 business days (unless in avoidable circumstances) prior to the date set for meetings to enable ample time for members to review the information and to obtain such details and explanations where necessary.

4 AC meetings were held during FY2021 which were attended by all AC members. The Managing Director (MD) attended all meetings as requested by AC to facilitate direct communication and to seek clarification on audit issues as well as to solicit information in relation to the operations of the Manager and IGB REIT. The meetings were also attended by Chief Financial Officer (CFO), Head of Investment, Head of Strategy & Risk and Head of Compliance/Company Secretary of the Manager, as well as Head of Group Internal Audit (GIA) of IGB Berhad (IGB), the ultimate holding company of the Manager, providing the internal audit outsourcing, upon invitation, to brief and provide comprehensive explanation on their respective reports. AC also had 2 private sessions with EA to enquire about Management's co-operation, their sharing of information as well as discuss the results of the audit and any other observations they may have during the audit process and regarding risk management issues, without the presence of Management.

AC ACTIVITIES

Throughout 2021, the AC executed various strategies and actions to discharge its duties and responsibilities effectively. Principal activities performed during FY2021 and to the date of this ACR are as follows:

(a) Financial Reporting

- (i) Evaluated on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with generally accepted accounting principles and overall accounting standards, as well as any related changes discussed and resolved any significant or unusual accounting issues. Introduced measures that, in the AC's opinion, would enhance the credibility and objectivity of financial statements and reports prepared about the affairs of IGB REIT and the Manager.

AUDIT COMMITTEE REPORT

(continued)

- (ii) Reviewed the quarterly financial results of IGB REIT for 4Q2020, 1Q2021, 2Q2021 and 3Q2021, which were announced to Bursa Malaysia Securities Berhad (Bursa Securities) immediately after the Board's approvals, respectively on 25 January 2021, 26 April 2021, 26 July 2021 and 26 October 2021, and IGB REIT Financial Statements FY2020 which were submitted via BursaLINK on 26 February 2021. AC concluded that the quarterly results and IGB REIT Financial Statements FY2020 complied with the applicable Malaysian Financial Reporting Standards (MFRS) and regulatory requirements, and presented a true and fair view of IGB REIT's financial performance.
- (iii) Noted significant changes and amendments to MFRS and other regulatory requirements that could affect the financial reporting of IGB REIT and the Manager.
- (iv) Reviewed the Manager's Audited Financial Statements FY2020 (AFS2020), and concluded that AFS2020 complied with the applicable MFRS. A copy of AFS2020 was submitted to the Securities Commission Malaysia on 30 March 2021.
- (v) Reviewed the declaration of IGB REIT's distributable income for 1Q2021, 2Q2021 and 3Q2021 of 1.33 sen per unit (1.32 sen taxable and 0.01 sen non-taxable) (1Q2021 Distribution), 1.35 sen per unit (1.33 sen taxable and 0.02 sen non-taxable) (2Q2021 Distribution) and 1.18 sen per unit (1.16 sen taxable and 0.02 sen non-taxable) (3Q2021 Distribution), which were paid to the unitholders of IGB REIT (UHs) respectively on 31 May 2021, 30 August 2021 and 30 November 2021 after the approval of the Board.

Subsequent to FY2021, AC had at its meeting on 26 January 2022, reviewed the financial reporting checklist FY2021 completed by CFO, and assessed by MD, and obtained their assurance, in making its recommendation to the Board, that adequate processes and controls were in place for an effective and efficient process in preparation of IGB REIT Financial Statements FY2021 and, in all material respects, IGB REIT Financial Statements FY2021 complied with the applicable MFRS as well as disclosure provisions of the Main Market Listing Requirements of Bursa Securities, and fairly present the results of the operations, cash flow and financial position of IGB REIT. AC had also reviewed IGB REIT's 4Q2021 financial results and distributable income of 2.17 sen per unit (2.16 sen taxable and 0.01 sen non-taxable) (4Q2021 Distribution), which would be paid to UHs on 25 February 2022. Cumulatively, for FY2021, total income distribution was RM220.6 million or 6.03 sen per unit (FY2020: 6.75 sen per unit).

(b) External Audit

- (i) Reviewed EA's audit report of IGB REIT Financial Statements FY2020 setting out their comments and conclusions on the significant auditing and accounting issues highlighted, including management's judgements, estimates and/or assessments made, and adequacy of disclosures in the financial statements.
- (ii) Reviewed, with both EA and Management, the audit approach and methodology applied, and in particular of those key audit matters included in the year end EA's report.
- (iii) Reviewed EA's Audit Plan 2021 for IGB REIT, encompassing the planned scope and timing for the year's audit and other examination including the evaluation of internal control systems, to the extent performed as part of the external audit.
- (iv) Considered whether the extent of reliance on internal audit by EA was appropriate and whether there were any significant gaps between internal and external audits.
- (v) Obtained assurance from EA that their independence has not been impaired.
- (vi) Reviewed, in consultation with CFO, the terms of engagement of PwC for the audit of IGB REIT Financial Statements FY2021 in respect of cost, scope and performance, upon confirmation of their independence and objectivity including non-audit services related to tax consultancy, prior to tabling for the Board's approval.
- (vii) Conducted bi-annual private sessions with EA without the presence of Management on 25 January 2021 and 26 October 2021 to apprise on matters with regard to the audit and financial statements. No major concerns were highlighted by EA and they had received full support and cooperation from Management.

Subsequent to FY2021, AC carried out the following duties at its meeting on 26 January 2022:

- (i) Reviewed the results of EA's audit report on the conduct of IGB REIT Financial Statements FY2021, the audit findings together with recommendations, including key audit matters.
- (ii) Reviewed and deliberated on key audit issues pertaining to the audit of IGB REIT Financial Statements FY2021.
- (iii) Evaluated EA's performance and effectiveness, quality of communication and interaction and its independence and objectivity, on the basis of AC meetings and a questionnaire-based internal review. Based on the assessment for FY2021, AC was satisfied with EA's technical competency in terms of their skills, execution of audit plan and reporting and overall performance. Requisite assurance was sought and provided by the EA that internal governance processes within PwC demonstrate and support the firm's independence.

AUDIT COMMITTEE REPORT

(continued)

(c) Internal Audit (IA)

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

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

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

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

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

The following is a summary of IA's work reviewed and/or approved by AC during FY2021 and to the date of this ACR:

- (i) Reviewed and approved at AC meeting on 26 October 2020, the IA 2021 Plan to ensure adequate scope and coverage of key risk areas and processes in the operations, compliance with regulations and internal controls of the Manager and IGB REIT. The planning for the audit involved a risk-based approach which emphasised on effective planning and scoping of the audit to suit the size and activities of functional areas and to concentrate audit resources on operational areas that are exposed to a greater degree of risk.
- (ii) Reviewed and approved at AC meeting on 26 October 2021, the IA 2022 Plan and IA Charter.
- (iii) Reviewed IA reports on the effectiveness and adequacy of internal controls, risk management and governance process of the Manager and IGB REIT. A total of 20 IA reports, including progress reports and special reports, were issued during the year. The audit engagements covered high-level reviews in the areas of CG and Related Party Transactions (RPT), operational audits on internal controls of Building Services, Carpark, Housekeeping, Leasing and Asset Enhancement Initiatives, risk management on Environmental, Social and Governance, special assignments on tenants and review compliance with Covid-19 standard operating procedures and safety measures relating to RiVAC (retail industry vaccination centre). AC engaged with Management on issues and recommendations raised in the audit reports and obtained assurances that all weaknesses were addressed by Management promptly. AC has directed Management to rectify and improve on internal control and workflow processes promptly and ensure that internal controls continue to operate effectively at all times.
- (iv) Monitored the corrective actions taken on outstanding audit issues through progress reports based on submissions by Management on the status of implementation of audit recommendations, to ensure that control weaknesses have been addressed.

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

IGB REIT and the Manager have paid RM258,050 for GIA services in FY2021.

(d) Risks and Control Environment

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

AUDIT COMMITTEE REPORT

(continued)

Based on information and explanations by Management and discussion with EA on the results of their audit, AC was generally satisfied with the adequacy and integrity of IGB REIT's internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines. No significant irregularity or deficiency in internal controls came to the attention of AC during FY2021.

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

(e) RPT

During FY2021, IGB REIT entered into RRPT as disclosed in the Corporate Governance Overview Statement (CGOS) contained in this AR. AC reviewed, on a quarterly basis, the RRPT entered into by IGB REIT with IGB Group, tracked against their mandated thresholds. AC was satisfied that all transactions were in the best interest of IGB REIT, whereby the terms concluded were fair, reasonable and based on commercial viability, and were therefore not deemed detrimental to the interests of minority UHs, and monitoring procedures to regulate such transactions were appropriate and sufficient.

Subsequent to FY2021, AC had at its meeting on 26 January 2022, reviewed the circular in relation to the proposed new RRPT (with IGB Commercial Real Estate Investment Trust) and renewal of existing RRPT (with IGB Group) (RRPT Mandate) to be sought at the Tenth Annual General Meeting to be held on 28 April 2022, and having considered, among others, the nature of RRPT to be made were intended to meet the ordinary and usual course of business needs of IGB REIT 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 IGB REIT's usual practices and policies, as well as the procedures and processes established to regulate RRPT, was satisfied that adequate processes and controls were in place for an effective and efficient process in the monitoring, tracking and identifying RRPT in a timely and orderly manner. The details of the RRPT Mandate are set out in the Circular to Unitholders – RRPT Mandate.

(f) Annual Reporting

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

CONTINUING PROFESSIONAL DEVELOPMENT

During the year, AC members attended various seminars and webinars to better understand their roles as well as to enhance their knowledge to efficiently discharge their duties as Directors of the Manager. Details of the training that they attended during FY2021 are set out in Appendix 1 of the CGOS.

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

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

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

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

RISK MANAGEMENT

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

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

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

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

BUSINESS CONTINUITY PLAN

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

ANTI-BRIBERY & CORRUPTION POLICY

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

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

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

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

WHISTLEBLOWING POLICY

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

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

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

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

INTERNAL CONTROL PROCESSES

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

The main pillars of the framework for internal controls include:

Organisation & Structure

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

Anticipation & Accountability

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

Compliance & Training

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

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

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

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

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

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

SUSTAINABILITY STATEMENT

The 'new normal' has been a phrase that we have repeated many times over in the past two years. As an organisation, we must accept that 'business as usual' is no longer a viable option.

However, IGB Real Estate Investment Trust (IGB REIT) strongly believes that the silver lining of the Covid-19 pandemic is the opportunity to look at the way we do business. It is all the more crucial now to embrace a system that promotes sustainability and reduces overall environmental footprint, while still delivering economic value. This circular economy is the business model of the future.

Achieving this will require new thinking, strategies, and innovative business models and the adoption of new technologies.

For IGB REIT, this reality only reinforces our commitment to deliver a sustainable future for our people and the communities we operate in.

This year marks the beginning of a new chapter as we transition towards reporting our sustainability efforts through a dedicated Environmental, Social and Governance (ESG) format.

It is therefore, with great pleasure that we present IGB REIT's ESG report for the financial year ended 31 December 2021 (FY2021), which covers the performance of the two malls within our portfolio, namely – Mid Valley Megamall (MVM) and The Gardens Mall (TGM). MVM and TGM operate under the same management and are both located in the Klang Valley.

The reporting period covered in this report is from 1 January 2021 to 31 December 2021.

COMMITMENT TO ESG

Many have described Covid-19 as the 'big pause'. For IGB REIT, we like to think of it as the 'big push'. While drawing attention to the size of global sustainability challenges, it has also accelerated transformations that many would have thought impossible.

Countries all over the world are pledging for greener environment with companies re-focusing on green economy while ensuring business resiliency. The global crisis has indeed brought upon us new priorities, capabilities and outlooks.

In navigating these changes, we are guided and fortified by a clear strategy that has sustainability at its core. Our brand promise ensures that we always factor in sustainability as an integral part of our business operations and decisions. It motivates us every day as we continue to scale up our progress on this sustainability journey.

This will not only benefit our shareholders, but also allow us to become a part of the broader solution for sustainability. What we do today is critical to shaping a sustainable future for tomorrow.

As an organisation, we take a multifaceted approach to sustainability, combining various ESG metrics. We have in place frameworks that work to enhance our business resilience and agility, allowing us to continue to enhance the value propositions of both MVM and TGM and create a sustainable business that will last for generations to come.

Our Purpose

We are a purpose-driven organisation with a core focus on creating sustainability within the industry. We see our purpose as the intent behind what a business does: its effect on people, the impact it has on our environment, and the transformative change it brings to our communities.

Our clear purpose guides us to deliver our services in an environmentally sustainable, financially resilient and socially responsible manner.



PRESERVE THE ENVIRONMENT

by ensuring we implement measures that protect the planet



PROTECT OUR COMMUNITIES

by continuously reaching out and supporting our *Rakyat* where necessary



EXPAND THE CIRCULAR ECONOMY

by ensuring green technology and embarking on resource recovery efforts such as recycling and waste management



BUILD BUSINESS SUSTAINABILITY

by driving towards robust business model benefitting all stakeholders



STRIVE FOR A SAFE & MEANINGFUL WORKPLACE

by prioritising health and safety measures for our employees



STRENGTHENING TALENT

by enhancing specialist skills and knowledge to elevate talent within our industry

SUSTAINABILITY STATEMENT

(continued)

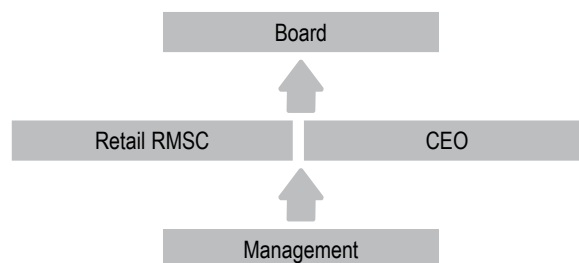
OUR ESG GOVERNANCE STRUCTURE

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

The Board is ultimately responsible for the REIT's sustainability strategy and performance. It sets up a Retail Risk Management and Sustainability Committee (Retail RMSC) which works to ensure the REIT's continued progress and improvement as it continues on its sustainability journey. The Retail RMSC is chaired by the Chief Executive Officer, and includes the Joint Chief Operating Officers, the Head of Operations, and the Head of Investment. The communication and implementation of key sustainability initiatives in the year are the responsibility of the management within each department and function.

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

IGB REIT's Sustainability Governance Structure is as follows:



MATERIALITY PROCESS

The Manager believes that stakeholder engagement is an important aspect of our business as it allows us to gain insights into what matters to our stakeholders and what their expectations are.

Throughout the year, we undertake stakeholder engagement sessions through various channels on a periodic basis with the objective of developing long-term relationships founded on trust. All stakeholder engagements are carried out in accordance with the principles of inclusivity and responsiveness.

By ensuring that we interact with our stakeholders, we are then able to further strengthen decision-making and accountability while aligning our sustainability practises with the needs and expectations of our stakeholders. We maintained the quality of our interactions with stakeholders in 2021, despite the circumstances surrounding Covid-19 by utilising various virtual communication channels.

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

Table 1: Summary of Stakeholder Feedback Channels

Business Partners	<ul style="list-style-type: none"> Annual report and sustainability report. Regular dialogue and engagement through various corporate events held throughout the year as well as through meetings and discussions organised.
Government & Authorities	<ul style="list-style-type: none"> Regular communication and consultation with the government and authorities. Participation in industry associations, forums and dialogues. For example, Persatuan Pengurusan Kompleks Malaysia (PPK) the Malaysia Shopping Malls Association, Malaysia Retail Chain Association (MRCA), and International Council of Shopping Centres (ICSC).
Employees	<ul style="list-style-type: none"> Regular employee engagement, for example through employee satisfaction surveys, appraisals, training programmes and internal staff communication and newsletters, as well as team activities.
Investment Community	<ul style="list-style-type: none"> Regular engagement with the investment community through the Annual General Meeting, the Annual report and sustainability statement, as well as announcements and circulars issued, amongst others.
Retail Shoppers	<ul style="list-style-type: none"> Feedback received from shoppers through various feedback channels, for example, at marketing and promotional events, social media, customer loyalty programmes, as well as feedback and enquiry channels.
Tenants	<ul style="list-style-type: none"> Feedback received from tenants through various feedback channels such as meetings and discussions organised throughout the year and feedback and enquiry channels that are in place.

The Retail RMSC organised a workshop for the management of the departments and functions within IGB REIT to help raise awareness around sustainability matters relevant to our business. Part of this focused on identifying material sustainability matters relevant to IGB REIT using the materiality mix included in Bursa Malaysia's Securities Berhad's Sustainability Guide.

SUSTAINABILITY STATEMENT

(continued)

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

Table 2: List of Material Sustainability Matters

Material Sustainability Matters	Description & Impact
Enriching Communities	We are committed to contributing to a better society and ensuring that our business operations create positive impact on local communities. Creating a positive impact within our communities is entrenched in our sustainability approach.
Human Capital Management	We believe workplace diversity and inclusivity are entrenched in IGB REIT's fair employment practices. The employees are key to the organisation's growth and progress. The Service Provider ensures employees are engaged, fairly remunerated and given opportunities to strengthen skills and competencies, so that they can contribute towards achieving the aims of the organisation.
Health & Safety	Employee safety and accident prevention are critical to IGB REIT. Apart from instituting health and safety measures, we rely on constant audits, reviews, assessments and trainings to upgrade and strengthen safety measures as a matter of priority.
Energy Conservation	We endeavour to minimise any environmental impact from our businesses with effective energy management. This is done through internal controls and monitoring mechanisms that track and manage emissions from the consumption of energy. We ensure that our office and buildings are energy efficient.
Water Management	Effective water management is an important part in business sustainability as water is a finite and shared resource. We have implemented internal controls and monitoring mechanisms to manage water consumption. Our initiatives include raising awareness on water conservation and improving data collection on water use.
Waste Management	We look at the use and waste treatment that promotes the sustainable management of resources and energy that is environmentally safe. We manage costs by looking at the recovery and reuse of resources as a contributing factor to reduce waste and improve energy efficiency, while contributing towards a greener environment.
Security	We are committed to keeping employees and tenants safe by implementing proactive measures and working closely with enforcement agencies.

PROTECTING THE ENVIRONMENT

Environmental protection and climate change are among the biggest challenges faced by the world today. The rising concerns on the adverse impact of environmental change and ecosystem impairment on human health due to irresponsible activities are timely reminders for individuals and corporations to invest in environmentally sustainable and socially responsible practices. These include initiatives like using clean energy and managing natural resources responsibly, to secure a liveable and sustainable future.

With the growing awareness on environmental concerns, IGB REIT is focus on efforts to address and mitigate environmental impact and climate change resulting from our business operations and the corresponding risks.

Every year, all our business operations strive to reduce pollution and the amount of waste we generate, maintain sustainable consumption of electricity and water as well as reduce carbon emissions.

Inculcating a Culture of Environmental Sustainability

At IGB REIT, we acknowledge our responsibility and emphasise the need in raising awareness and understanding of environmental sustainability amongst our business units, stakeholders and the broader community.

In line with our sustainability commitment, we aim to minimise disruption to the environment and its adverse impact on the community by reducing the environmental footprint of our buildings and use energy, water and resources more efficiently. We strive to ensure our decisions contribute to improvements in environmental sustainability, working in-tandem with our tenants in green building initiatives, the local authority, the Government and other stakeholders in achieving our target.

We address climate change risks by reducing our energy consumption and greenhouse gas emission throughout our business operations. Despite our emission being small, we are committed to support the global climate change agenda and remain conscious of how we operate and align ourselves to best practices.

Encouraging Responsible Water Usage

The growing water scarcity and the frequent and long period of disruption in supply experienced throughout the year call for a more efficient water resources management. One of the main reasons for water supply disruption was plant shutdowns due to water pollution. It is increasingly becoming a problem, often leaving millions of households high and dry for several days to even a week and causing inconveniences to businesses and industries reliant on consistent and uninterrupted water supply.

SUSTAINABILITY STATEMENT

(continued)

IGB REIT aims to keep its water use to a minimum, reuse water and prevent water pollution to achieve efficient water management. Efficient water management also translates to less energy which reduces carbon footprint and in turn lowers our operational cost.

Water is critical for our operations and despite the huge consumption requirement, we continue to manage our water use throughout our operations by putting in place initiatives to achieve efficient use and to reduce consumption. We consistently monitor and manage the water we use, with stringent enforcement implemented to monitor water leakages across our operations.

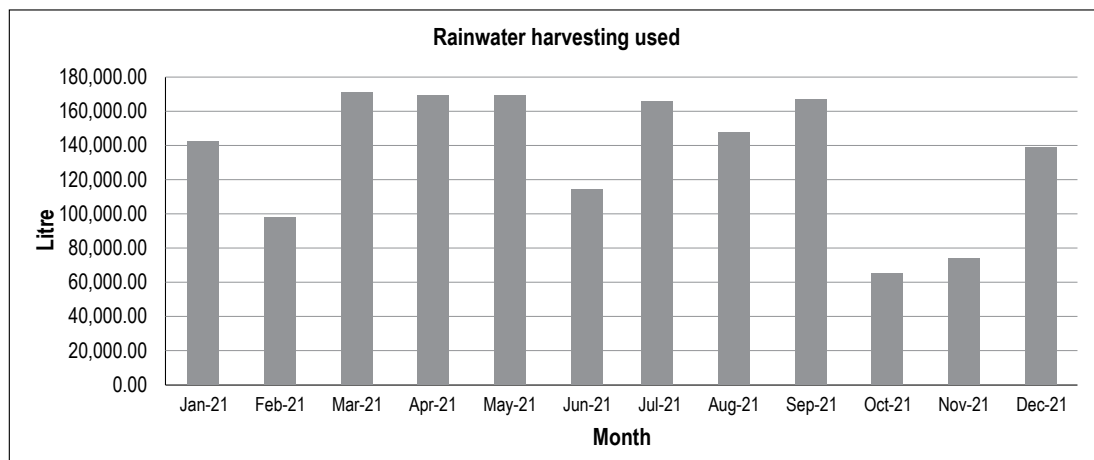
During the year, we recorded a 18.1% reduction in our water consumption although sanitisation efforts increased. MVM recorded a drop of 20.9% in water usage in 2021, with TGM recording a drop of 14.1% in water usage.

Table 3: Annual Water Consumption (2016-2021)

Year	MVM m ³	TGM m ³	Total m ³	Total Change (%)
2016	452,713	338,708	791,421	Base Year
2017	438,784	341,023	779,807	(1.5)
2018	405,871	325,852	731,723	(6.2)
2019	421,380	309,676	731,056	(0.1)
2020	324,397	232,194	556,591	(23.9)
2021	256,734	199,363	456,097	(18.1)

In 2021, we installed rainwater harvesting systems to store rainwater for operational use. In total, we harvested 1,613,000 litres of rainwater, which was then used for all external watering.

Table 4: Monthly Rainwater Collection



Moving forward, we will continue to monitor our water consumption and carry out investigations where there is a significant increase in usage. We will also conduct regular reviews to identify additional areas that we can look into to further increase water efficiency and decrease water consumption in our malls.

We also plan on engaging our tenants, further educating them on responsible water usage so that they can improve the efficiency with which they use the limited resource.

Reducing and Managing Waste Responsibly

Reducing waste makes good sense both for the environment and for our business. We seek out opportunities to eliminate and minimise waste via environmentally-sound waste management across our operations.

We manage our waste responsibly to reduce the impact and the intensity of harmful greenhouse gases like carbon-dioxide, carbon monoxide, and methane that are often exuded from accumulated wastes in landfills. These wastes are recycled or disposed in a safe, ethical, and responsible manner to help reduce the negative impacts to the environment.

During the year, we continued our efforts to support responsible waste management. All rubbish bins in MVM and TGM continue to have a separate section for recyclable materials, and paper towels have been removed from the toilets to encourage shoppers to use the hand dryers.

SUSTAINABILITY STATEMENT

(continued)

Additionally, we are moving towards digitising our operations by minimising the paper used in our management office and throughout both malls. To do this, all signages and information displays have mostly been replaced with digitised displays, thus reducing the amount of waste generated. Both malls have also moved away from promoting campaigns and activities via traditional print media channels and begun to rely more on digital media for their marketing needs using digital platforms such as Facebook, Instagram, and Google ads.

Further, materials used in festive decorations in the malls are upcycled and repurposed whenever possible to reduce waste.

We also measure the volume of waste disposed of by the number of pulls of standard sized bins performed by our waste disposal contractor. The size of each bin is 20 cubic yards. At a conversion of two tonnes per pull, the total amount of waste disposed of from 2016, when we first started our sustainability reporting, to 2021, is as follows:

Table 5: Annual Volume of Waste Disposed (2016 to 2021)

Year	Total Pulls	Total Tonnes	Change in Total Pulls (%)
2016	2,547	5,094	Base Year
2017	*2,273	4,546	(10.8)
2018	2,087	4,174	(8.2)
2019	2,096	4,192	0.4
2020	*1,711	3,422	(18.4)
2021	1,246	2,492	(27.2)

* Please note that there was an error on Total Pulls figures for 2017 and 2020. The table above now reflects the correct figures.

At an estimated conversion rate of 1.5 tonnes per pull, the total amount of recyclable materials collected from 2016 to 2021 is as set out in the table below.

Table 6: Total Volume of Recyclable Materials Collected (2016 to 2021)

Year	Total Pulls	Total Tonnes	Change in Total Pulls (%)
2016	230	345	Base Year
2017	230	345	0
2018	249	374	8.4
2019	286	429	14.7
2020	230	345	(19.6)
2021	138	207	(40.0)

The malls also actively carry out food composting efforts since 2012. Food composting efforts continued throughout 2021, except for the period of March to May 2021, where we had to temporarily halt our operations due to the Movement Control Order (MCO).

The volume of food composted from 2016 to 2021 is as set out below.

Table 7: Volume of Food Composted (2016 to 2021)

Year	Kg	% Change
2016	4,957	Base Year
2017	4,968	(0.2)
2018	2,827	(43.1)
2019	3,725	31.8
2020	2,518	(32.4)
2021	1,088	(56.8)

Driving Energy Efficiency

We understand that the energy management is essential for combating climate change and for lowering our environmental footprint.

We manage and monitor our energy consumption and efficiency to implement the best energy management practices in our daily operations. We have implemented several initiatives to reduce energy consumption, improve efficiency and progressively upgrade our existing infrastructure with energy saving features across our operations and properties.

SUSTAINABILITY STATEMENT

(continued)

Our malls have made a concerted effort to reduce total energy consumed through various initiatives which have worked to steadily reduce our overall energy consumption through the years.

Energy makes up the largest cost component for our malls, accounting for approximately 48% of our total operating cost for 2021. The electricity expenses in 2021 amounted to RM21.7 million, a decrease compared to RM29.4 million in 2020. There was a 10% discount from Tenaga Nasional Berhad for the year under review amounting to a total of RM2.38 million.

Table 8: Annual Electricity Consumption (kWh) (2016 to 2021)

Year	MVM (kWh)	TGM (kWh)	Total (kWh)	Total Change (%)
2016	60,707,660	45,709,489	96,417,149	Base Year
2017	47,861,707	43,789,735	91,651,442	(4.9)
2018	46,152,183	40,921,119	87,073,302	(5.0)
2019	47,841,910	38,744,118	86,586,028	(0.6)
2020	36,117,612	31,268,852	67,386,464	(22.2)
2021	29,301,702	26,165,122	55,466,824	(10.7)

We remain committed to adopting innovative ways to continually reduce our energy consumption and monitor total electricity consumed on a monthly basis. This way, we are able to monitor any fluctuations in electricity usage and can investigate and take the steps needed to address any unusual increases.

MAKING A POSITIVE SOCIAL IMPACT

Our commitment towards promoting social sustainability focuses on managing and identifying business impact on our employees, workers in the value chain, tenants, and the local communities whilst maintaining long-term partnerships across our business portfolios.

People are at the core of our value creation plan. Our priority remains focused on fostering a dynamic and inclusive culture, expanding talent capabilities, engaging our stakeholder universe and driving strong business relationships.

Without the support of our business partners, tenants, customers, neighbours, and stakeholders, we would not be where we are today. It is therefore extremely important to us that we work hard to ensure that our malls are relevant, accessible, safe, and most importantly, contributing to the enrichment of the neighbourhoods and communities in which we operate.

As such, we are constantly upgrading our facilities and working collaboratively with our communities, including our neighbours, to enhance the vicinity around Mid Valley City so that together we can create a thriving hub that can be enjoyed by all.

Prioritising Safety

The Covid-19 pandemic has presented our stakeholders with many challenges which include difficulty juggling workload with home schooling responsibilities, internet connectivity, increased isolation and maintaining mental health. Giving support where we can have been our focus during the year especially during the remote working period to support Government's effort in flattening the Covid-19 curve.

We also remained focused on ensuring the safety and health of our employees, tenants, shoppers and communities where we operate.

Apart from global principles, we have also established policies and procedures following the Standard Operating Procedures (SOPs) to ensure that we are doing as much as possible to support our stakeholders. This includes ensuring all employees are fully vaccinated, conducting regular testing, the provision of hand sanitisers and personal protection equipment such as face masks and face shields, and the adoption of virtual meetings and Work from Home (WFH) practices.

Table 9: Personal protective equipment distributed to employees in MVM and TGM

Face shields	2,749
KN95 masks	92,760
Fabric masks	3,727

We also regularly sanitised workspaces, including antimicrobial treatments on commonly touched surfaces, installed Perspex sectioning at work cubicles as well as thermal scanners for all entrances for both malls. Social distancing indicators are placed throughout the office space and the malls, along with handheld sanitisers.

Suppliers and third-party services providers were also required to schedule mandatory testing for their outsourced employees.

SUSTAINABILITY STATEMENT

(continued)

Additionally, we increased our usage of ultraviolet (UV) light to sterilise high-risk areas, including installing air purifiers with UV light in all elevators, suraus and meeting rooms, and the installation of permanent high-performance UV light to purify the air in all Air Handling Units (AHU). We also optimised ventilation through our central air conditioning systems to improve indoor air quality.

Managing Health & Safety

In addition to implementing Covid-19 measures, we also keep abreast of health and safety (H&S) incidences in our malls. We conduct regular safety briefings, trainings, and inspections to ensure compliance with the Occupational Safety and Health Act, and to manage safety risks within our malls.

Fire drills are also held annually to ensure that all employees and tenants are familiar with escape routes as well as the actions needed to be taken in the event of an emergency. Our H&S committee also meet once every quarter to review all matters pertaining to H&S within our malls. All incidents that occur in our malls are recorded down by our security, as well as by our H&S personnel. Incidents are thoroughly investigated, allowing us to identify their cause, as well as take corrective and preventive measures so as to minimise their recurrence. Through our efforts, we have seen a steady decline in the number of H&S incidents that have occurred in our malls.

The number of cases reported since 2016 are set out below.

Table 10: Reported Health and Safety Incidences (2016 to 2021)

Incidents / Cases	2016	2017	2018	2019	2020	2021
Death	-	-	-	1	-	2
Dangerous Occurrence	46	54	10	4	1	2
Injury	8	10	13	29	27	21
Near Misses	18	6	10	7	2	-
Occupational Poisoning or Disease	-	-	11	12	-	0
Motor Vehicle Accident or Property Damage	-	-	6	16	8	11
Total	72	70	50	69	38	35

IGB REIT is committed to continuously improving our safety standards and we work diligently to reduce the risk of accidents at our workplace. Zero fatality and zero accidents targets are key performance indicators, which will continue to remain a priority moving forward.

Employees as our Greatest Asset

Our business thrives on the passion and the performance of our people, and by ensuring a safe, engaging and innovative working environment, we empower our employees to achieve their full potential.

Mid Valley City Sdn Bhd and Mid Valley City Gardens Sdn Bhd (the Service Providers) have been engaged by Chartwell ITAC International Sdn Bhd (the Property Manager) to manage the people who oversee the day-to-day operations of our malls.

The Service Providers understand that the heart of our business is our people and that they are fundamental to our continued growth and success. To this end, they are committed to attracting, retaining, and developing talent with the right skillsets to support our business, and strive to cultivate a positive work environment, and create a workplace of choice.

Equality, Diversity and Inclusion

Our approach to equality, diversity and inclusion within our workplace allows us to harness different perspectives from different group of people for better decision-making, as well as providing access to the widest pool of available talent.

We provide equal opportunity in recruitment, career development, promotion, training and reward for all employees regardless of age, gender, race, religion, sexual orientation or disability.

Skills and Capability Development

While keeping our employees safe and connected throughout the year, we continued to offer learning experiences both virtually and physically. We giving every employee the opportunity to learn and grow to build their careers while following their passion.

Employees who wish to pursue longer term certifications including diplomas and graduate level programmes, also receive support through a Tuition Reimbursement Scheme and for other forms of scholarship programs available to employees at all levels.

SUSTAINABILITY STATEMENT

(continued)

Quality Remuneration

Comprehensive medical coverage is offered to all employees. Annual health check-ups and eye check-ups are organised for all employees, and staff are provided with a health and dental medical card for out-patient and specialist treatments. They are also covered by the Group Hospitalisation and Group Personal Accident insurance schemes on top of the coverage received from the Social Security Organisation (SOCSO).

Promoting Work-Life Balance

It is important that employees have opportunities to get to know one another outside of a formal work environment, as this promotes camaraderie and supports the team work required in the business to do well. Where possible, with Covid-19 SOPs in mind, department lunches and birthday celebrations were organised. A healthy work-life balance is also actively encouraged, with employees being eligible to claim subsidy for gym memberships and participate actively in weekly company organised sporting events.

Work schedule flexibility has also been incorporated, with office-based employees able to choose pre-set working hours options when they start work, with the only requirement being that they fulfil their prescribed working hours and work responsibilities.

Job Security

The Covid-19 pandemic has affected the livelihood of thousands across the country. Understanding that retrenchment and unexpected loss of income can cause a great deal of financial and emotional stress to employees, IGB REIT kept the organisation intact by not laying off any employees during the year. For additional support, we provided free meals for all our operations staff.

Despite the requirement to work from home, we have assured every employee that they shall receive their monthly salary on time and their job was safe.

Responsible Employment

All forms of discrimination, bribery, and corruption are not tolerated. All job applicants and staff are treated fairly and are assessed based on ability, experience, and skills. The Service Providers strictly abide by the Employment Act and other legal statutory provisions in Malaysia, as well as international labour provisions where applicable. To support the professional work culture, an official feedback channel and a whistleblower hotline is available to enable anonymous feedback to be made to the management, thus allowing for the appropriate actions to be taken where required. Employment policies and practices are also made easily available to all employees.

Security

We continue to see terrorist attacks take place around the world. The threat remains real and something that we take very seriously. Our teams continue to work closely with Polis Diraja Malaysia (PDRM) to ensure that we receive timely information and intelligence on potential threats, particularly around MVM and TGM, so that we are able to prepare and take preventive measures if necessary.

We continue to improve the efficiency and effectiveness of our security services, focusing on security controls, intelligence, and training. We consistently strengthen our crime prevention measures by implementing target hardening, regular patrolling, and installing additional electronic gadgets to serve as tools for monitoring, detection and deterrent. At the same time, we place personnel at strategic locations around both malls so they can perform regular patrols to show a constant security presence and visibility.

We also work in continuous partnership with other enforcement agencies allowing us to work collaboratively on investigations, information sharing, and training.

Supporting Our Communities

Engaging with the local communities in which we operate enables us to meet their needs and create long-term positive impacts. We strive to build sustainable communities through Corporate Social Responsibility (CSR) activities, allowing us to give back to society.

Our enriching CSR programmes also serve as an avenue for employee volunteerism and the strengthening of relationships between departments. During the year under review, our CSR programme was focused on mitigating the negative effects of Covid-19 on the communities in which we operate.

Keeping Communities Safe

As the pandemic played out across the nation, IGB REIT refocused its efforts to reinforce community ties, reduce their burden and spread kindness. While facing the Covid-19 pandemic, we continued to get involved, empowered and give back to the community.

This year, to encourage social distancing, MVM and TGM executed a centralised food collection area to contain and minimise contact with food delivery riders, for the safety of our tenants and the community.

SUSTAINABILITY STATEMENT

(continued)

Throughout July to September 2021, we supported the initiative by Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna to organise the first industrial vaccination centre for the Retail Industry Vaccination Programme (RiVAC). It was hosted in Mid Valley Exhibition Centre.



The vaccination centre, with a capacity of 1,500 recipients a day under RiVAC, vaccinated 9,600 frontline workers in the retail economic sector in Kuala Lumpur, including cashiers, sales personnel, restaurant crew, petrol station workers, supermarket staff, departmental store employees, barbers and beauticians, mall management staff and distribution chain workers.

In support of the White Flag movement, TGM donated RM10,000 to Kembara Soup Kitchen, a social enterprise that supports the homeless and marginalised communities in Malaysia. The funds were channelled towards assisting the B40 community through food distribution and pandemic-related care.



The Gardens Mall Senior Marketing Manager, Thoo Li Sza presents a mock cheque to Kembara Kitchen Co-founder William Cheah.

Prioritising Mental Health

The pandemic has brought about new challenges and feelings of uncertainty for everyone. From dealing with financial stress, to parents needing to balance work and care for children at home, to mandatory self-quarantining measures, we know it can often feel overwhelming.

To promote the importance of maintaining good mental health, in March 2021, MVM organised a unique SOP (Smiles Only, Please!) in conjunction with our SMILE campaign. We celebrated the little things in life, uplifted one another, and most importantly chose happiness above all.



The unique "Smiles Only, Please" (SOP) in conjunction with the SMILE campaign.

SUSTAINABILITY STATEMENT

(continued)

We rewarded shoppers with 3-ply face masks in packs of five when they spent RM100 and above in a single receipt at specialty stores. For social media engagement, we launched special Instagram filters to encourage shoppers to spread good vibes. A WhatsApp sticker pack was also launched, so communities could share their joy with friends and family creatively.

In continuation of our SMILE campaign, in October 2021, we launched a Brighten Up! Programme to encourage shoppers to share their happiness with one another. Shoppers who spent RM200 and above in a single receipt at specialty stores were rewarded with a pack of KF94 face masks. For social engagement, we introduced a series of light-hearted content such as cold jokes, riddles and brain teasers to engage with our communities.



Brighten Up! Programme at MVM.

As communities continued to practice social distancing, we increased our social media activities to strengthen our engagement with shoppers. Throughout Phase 1 to Phase 4 of the National Recovery Plan (NRP) (June – December 2022), we shared content to remind our followers to focus on their mental health.

During Phase 1 of NRP, our content focused on encouraging the community to lead healthier lifestyles. These included tips on boosting health as well as enrichment ideas such as gardening and exercises. As we entered Phase 2, we shared content in conjunction with our SMILE and Brighten Up! Programmes.

Celebrating our Rakyat

Creating a sustainable business does not end with just our day-to-day operations; it extends to the communities in which we operate. This year, MVM and TGM continued to organise festive events to celebrate Malaysia's rich culture and diversity, and bring cheer to our communities, particularly those in need.

In conjunction with Chinese New Year, MVM donated essential items and daily necessities to Persatuan Rumah Caring and House of Hope & Light. For social media engagement, we launched a special WhatsApp sticker pack to spread joy among the community, giving our *Rakyat* a unique way to greet one another virtually.



Wendy Yap, Founder of Persatuan Rumah Caring Kajang receiving essential items and daily necessities from MVM.

For Hari Raya, MVM collected charity funds from vouchers in denominations of RM50 and RM100 purchased by shoppers. The funds were used to acquire essential items for Yayasan Chow Kit and Pusat Jagaan NURI. Once again, for social engagement, the mall launched a WhatsApp sticker pack for the community. To bring the celebration to the homes of all *Rakyat*, we organised a series of Hari Raya themed virtual workshops, from cooking lessons to crafts.

SUSTAINABILITY STATEMENT

(continued)



Funds from vouchers were collected and used to acquire essential items for Yayasan Chow Kit and Pusat Jagaan NURI.

TGM on the other hand worked with SURI, a social enterprise that empowers single mothers to earn a living by repurposing denim into household items. Apart from donating RM10,000 to SURI, the TGM's denim donation drive managed to collect 104 pieces of denim from shoppers which were then given to SURI to utilise.



The Gardens Mall Senior Marketing Manager, Thoo Li Sza presents a mock cheque to SURI Founder Salena Ahmad.

In the spirit of Christmas, TGM organised a donation drive for two non-governmental organisations (NGO), the Beautiful Gate Foundation and United Voice. With shoppers going cashless, the donation drive utilised the contactless feature of Touch 'n Go eWallet. A total of RM1,370.88 was collected from shoppers while the mall donated RM5,000 to each NGO.



Utilising the contactless feature of Touch 'n Go eWallet for shoppers to donate to Beautiful gate Foundation and United Voice.

SUSTAINABILITY STATEMENT

(continued)

Supporting Frontliners

Our frontliners continued to play a crucial role in keeping Malaysians safe. As a responsible corporate citizen, we believe we have a vital role to play in supporting our healthcare system wherever and whenever possible.

To this end, we supported the Blood Donation Drive hosted by TSM Charity Golf Foundation. The event helped to increase public awareness and participation. A total rental amount of RM10,000 was waived for this event.



Blood donation drive hosted by TSM Charity Golf Foundation.

We also supported multiple blood donation drives hosted by Pusat Darah Negara (PDN) during the year under review. As additional support, MVM and TGM offered face masks to shoppers with a minimum of RM1.00 at all mall entrances. All proceeds were channelled towards purchasing a total of 460 pieces of Personal Protective Equipment for frontliners at PDN.



Supporting donation drives hosted by PDN during the year under review.

While we pay homage to our medical frontliners, we must also remember the crucial role of our enforcement frontliners in keeping communities safe. To this end, in December 2021, we supported the Commercial Crime Investigation Department of the Kuala Lumpur Police Contingent Headquarters in a campaign to drive awareness on commercial crimes. The campaign educated netizens on online scams and how not to be a victim.



Supporting the Kuala Lumpur Police Contingent Commercial Crime Investigation Department to educate the public on online scams and how to avoid it.



(L-R): Deputy Commissioner of Police (DCP) Datuk Muhammed Hasbullah Bin Ali, Deputy Director (Money Laundering/Forensic Accounting Investigation) of the Commercial Crime Investigation Department (CCID), En Aiyob Bin Shaharuddin, Head of Security and Jesz Loo, Head of Advertising and Promotions.

SUSTAINABILITY STATEMENT

(continued)

Sponsorship and Charitable Support

In addition to the events organised over the festive periods, MVM lent its support to various charitable causes through monetary donations as well as the provision of free promotional spaces for campaigns. This year, we supported the campaigns listed below:

Table 11: List of Sponsorships and Charitable Support

TSM Blood Donation Drive	Promotional Space Rental Waiver of RM10,000
Blood Donation Drive by PDN	Promotional Space Rental Waiver of RM77,300

MAINTAINING ROBUST CORPORATE GOVERNANCE

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

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

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

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

For a full view of our governance efforts, refer to the Corporate Governance Overview Statement which is on page 23 of the Annual Report.

THE PATH FORWARD

While we have made meaningful progress in 2021, we are conscious that we do not have all the answers today. There is still much to be done if we are to continue delivering positive change for our shareholders, our people, our customers and for society.

Executing our ESG strategy necessitates the adoption of a new way of thinking and doing business, anchored by creativity, innovation and integrity. The strategy will see us actively explore new opportunities to both enhance our profitability and deliver positive impact to our stakeholders, through the creation of shared environmental and social value.

In reinventing ourselves and forging new ways of doing things, we are clear of our responsibility to do so in an economically, socially and environmentally sustainable manner.



FINANCIAL STATEMENTS

31 December 2021

▪ Manager's Report	63 - 65
▪ Statement by the Manager	66
▪ Statutory Declaration	66
▪ Trustee's Report	67
▪ Independent Auditors' Report	68 - 71
▪ Statements of Financial Position	72
▪ Statements of Comprehensive Income	73
▪ Statements of Changes in Net Asset Value	74
▪ Statements of Cash Flows	75
▪ Notes to the Financial Statements	76 - 114



MANAGER'S REPORT

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

PRINCIPAL ACTIVITY OF THE MANAGER

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

THE FUND AND ITS INVESTMENT OBJECTIVE

IGB REIT is a Malaysia-domiciled REIT established on 25 July 2012 pursuant to the deed of trust dated 18 July 2012, as amended by the first amending and restating deed dated 25 October 2018 ("Deed") between the Manager and MTrustee Berhad ("Trustee"), listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 21 September 2012 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. IGB REIT 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 IGB REIT is to invest, directly and indirectly, in a diversified portfolio of income producing real estate used primarily for retail purposes as well as real estate related assets. Real estate used primarily for retail purposes would include retail properties and mixed used development with a retail component.

DISTRIBUTION OF INCOME

IGB REIT had declared distributions in the financial year as follows:-

- 1.33 sen per unit (@ 1.32 sen taxable and 0.01 sen non-taxable) for the period from 1 January 2021 to 31 March 2021, which was paid on 31 May 2021;
- 1.35 sen per unit (@ 1.33 sen taxable and 0.02 sen non-taxable) for the period from 1 April 2021 to 30 June 2021, which was paid on 30 August 2021;
- 1.18 sen per unit (@ 1.16 sen taxable and 0.02 sen non-taxable) for the period from 1 July 2021 to 30 September 2021, which was paid on 30 November 2021; and
- 2.17 sen per unit (@ 2.16 sen taxable and 0.01 sen non-taxable) for the period from 1 October 2021 to 31 December 2021, which is payable on 25 February 2022.

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 the Manager during the financial year and during the period from end of the financial year to the date of this report are as follows:-

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

MANAGER'S REPORT

(continued)

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 IGB REIT or any other body corporate, other than as disclosed in Directors' interest.

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

DIRECTORS' INTEREST

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

	Number of units			
	Balance at 01.01.2021	Addition	Disposal/ Transferred/ Ceased	Balance at 31.12.2021
Dato' Seri Robert Tan Chung Meng				
Direct	14,939,081	1,333,640	-	16,272,721
Indirect	1,909,812,891	11,291,870	-	1,921,104,761
Tan Lei Cheng				
Direct	1,853,742	-	-	1,853,742
Elizabeth Tan Hui Ning				
Direct	3,834,000	10,000	-	3,844,000
Tan Boon Lee				
Direct	1,705,025	-	-	1,705,025

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 IGB REIT.

OTHER INFORMATION

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

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

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

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

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

MANAGER'S REPORT

(continued)

OTHER INFORMATION (continued)

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.

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.

ULTIMATE 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 the Manager in accordance with a resolution of the Directors of the Manager dated 22 February 2022.

TAN SRI DATO' PROF. LIN SEE YAN
CHAIRMAN

DATO' SERI ROBERT TAN CHUNG MENG
MANAGING DIRECTOR

STATEMENT BY THE MANAGER

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

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

TAN SRI DATO' PROF. LIN SEE YAN
CHAIRMAN

DATO' SERI ROBERT TAN CHUNG MENG
MANAGING 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

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

Before me:

COMMISSIONER FOR OATHS

TRUSTEE'S REPORT

To the Unitholders of IGB REIT (Established in Malaysia)

We have acted as Trustee of IGB REIT for the financial year ended 31 December 2021. In our opinion and to the best of our knowledge, the Manager has managed IGB REIT 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 IGB REIT 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 2021 are in line with and are reflective of the objectives of IGB REIT. Income distributions have been declared for the financial year ended 31 December 2021 as follows:-

- 1.33 sen per unit (@ 1.32 sen taxable and 0.01 sen non-taxable) for the period from 1 January 2021 to 31 March 2021, which was paid on 31 May 2021;
- 1.35 sen per unit (@ 1.33 sen taxable and 0.02 sen non-taxable) for the period from 1 April 2021 to 30 June 2021, which was paid on 30 August 2021;
- 1.18 sen per unit (@ 1.16 sen taxable and 0.02 sen non-taxable) for the period from 1 July 2021 to 30 September 2021, which was paid on 30 November 2021; and
- 2.17 sen per unit (@ 2.16 sen taxable and 0.01 sen non-taxable) for the period from 1 October 2021 to 31 December 2021, which is payable on 25 February 2022.

For and on behalf of the Trustee,
MTRUSTEE BERHAD

NURIZAN BINTI JALIL
 CHIEF EXECUTIVE OFFICER

Selangor,
 Date: 22 February 2022

INDEPENDENT AUDITORS' REPORT

To the Unitholders of IGB 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 Real Estate Investment Trust ("the Fund") and its subsidiary ("the Group") give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2021, and of their financial performance and their cash flows for the financial 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 2021 of the Group and of the Fund, and the statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 114.

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 2021, the Group's and the Fund's investment properties, carried at fair value, amounted to RM4.96 billion.</p> <p>The valuation of the Group's and the Fund's investment properties were carried out by an external valuer.</p> <p>We focused on this area due to the magnitude of the balance and the complexities in determining the fair values of the investment properties, which involves significant judgement and estimations.</p>	<p>We evaluated the competence of the external valuer which included consideration of their qualifications, expertise and objectivity.</p> <p>We met with the external valuer to discuss the methodology and assumptions used in the valuation, taking into account the current market outlook due to the impact of COVID-19.</p> <p>We performed testing on the rental rates and rental periods used in the valuation, on a sample basis, to satisfy ourselves of the accuracy and completeness of the property information supplied to the external valuer by management. This included agreeing a sample of these data back to the underlying lease agreements.</p>

INDEPENDENT AUDITORS' REPORT

To the Unitholders of IGB 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>The existence of significant judgement and estimation uncertainty could result in material misstatement, which is why we have given special audit focus and attention to this area.</p> <p><i>Refer to Note 3(b) (Summary of Significant Accounting Policies – Investment Properties), Note 4 (Critical Accounting Estimates and Judgements) and Note 6 (Investment Properties).</i></p>	<p>We tested the significant inputs underpinning the valuation, such as term and reversionary rental, car park income, other income and outgoing expenses, by agreeing them to the underlying lease data or comparing to historical trends. We also assessed the reasonableness of the capitalisation rates and allowance for void used by the valuer, with references to comparable real estate investment trusts. We discussed with and challenged the valuer on certain inputs and estimates with the involvement of auditors' experts.</p> <p>We reviewed the disclosures of sensitivity analysis on the capitalisation rates on term and reversionary periods, the outgoings and the allowance for void, and the appropriateness of assumptions and estimates disclosed in the financial statements.</p> <p>Based on the above procedures performed, we did not identify any material exceptions.</p>
<p>2) Accounting for rental supports granted to tenants</p> <p>Total rental supports granted by the Group and the Fund under the rental support programme offered to eligible tenants affected by the COVID-19 pandemic amounted to RM93.1 million and RM91.9 million was recognised as a reduction to rental income and service charge in the financial year ended 31 December 2021. Supports resulting in lease modification in the prior year is recognised over the lease term and the amount recognised during the financial year was RM6.8 million.</p> <p>Depending on the facts and circumstances (including any existing contractual terms contained in the original tenancy agreements and applicable laws or regulations), the rental supports might be accounted for as lease modification under MFRS 16, or extinguishment of lease payments under MFRS 9.</p> <p>The various facts and circumstances in which the rental supports were granted will ultimately impact the accounting for rental supports, which is why we have given special audit focus and attention to this area.</p> <p><i>Refer to Note 3(o)(b) (Summary of Significant Accounting Policies - Leases) and Note 13 Total Revenue.</i></p>	<p>We discussed with management to understand their view on the appropriate accounting policy choice treatment and its application towards the rental supports granted.</p> <p>We obtained and reviewed samples of lease agreements and the credit notes issued for rental supports granted to assess the facts and circumstances surrounding the rental supports granted and confirm the rights and obligations of both parties.</p> <p>We obtained and examined the details of credit note samples issued during the financial year to determine the appropriate accounting policy choice treatment has been applied.</p> <p>We checked the mathematical accuracy of management's workings between rental supports that resulted in lease modification and those that related to extinguishment of lease payments.</p> <p>We reviewed the appropriateness of presentation and disclosures on the policy choice made regarding the accounting treatment for rental supports granted.</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 2021 Annual Report but does not include the financial statements of the Group and of the Fund and our auditors' report thereon.

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Unitholders of IGB REAL ESTATE INVESTMENT TRUST (Established in Malaysia)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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 18 July 2012, the REIT Guidelines, applicable securities law, Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors of the Manager are also responsible for such internal control as the Directors of the Manager determine is necessary to enable the preparation of financial statements of the Group and of the Fund that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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 of the Fund's internal control.
- (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.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of IGB REAL ESTATE INVESTMENT TRUST (Established in Malaysia)
(continued)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

GAN WEE FONG
03253/01/2023 J
Chartered Accountant

Kuala Lumpur
22 February 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Fund	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current assets					
Plant and equipment	5	2,600	3,602	2,600	3,602
Investment properties	6	4,960,000	4,960,000	4,960,000	4,960,000
Investment in subsidiary	7	-	-	- *	- *
Total non-current assets		4,962,600	4,963,602	4,962,600	4,963,602
Current assets					
Trade and other receivables	8	47,475	35,444	77,123	64,593
Cash and bank balances	9	222,996	221,880	193,348	192,731
Total current assets		270,471	257,324	270,471	257,324
Total assets		5,233,071	5,220,926	5,233,071	5,220,926
Financed by					
Unitholders' fund					
Unitholders' capital	10	4,501,941	4,483,011	4,501,941	4,483,011
Accumulated losses		(697,394)	(682,242)	(697,394)	(682,242)
Total unitholders' fund		3,804,547	3,800,769	3,804,547	3,800,769
Non-current liabilities					
Borrowings	11	-	1,199,545	-	-
Trade and other payables	12	-	-	-	1,199,545
Total non-current liabilities		-	1,199,545	-	1,199,545
Current liabilities					
Borrowings	11	1,214,705	14,755	-	-
Trade and other payables	12	213,819	205,857	1,428,524	220,612
Total current liabilities		1,428,524	220,612	1,428,524	220,612
Total liabilities		1,428,524	1,420,157	1,428,524	1,420,157
Total unitholders' fund and liabilities		5,233,071	5,220,926	5,233,071	5,220,926
Net asset value ("NAV")					
- before income distribution		4,019,847	4,041,283	4,019,847	4,041,283
- after income distribution		3,804,547	3,800,769	3,804,547	3,800,769
Number of units in circulation ('000 units)	10	3,571,851	3,560,560	3,571,851	3,560,560
NAV per unit (RM)					
- before income distribution		1.1254	1.1350	1.1254	1.1350
- after income distribution		1.0651	1.0675	1.0651	1.0675

* Denotes RM2 share capital in IGB 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 2021

	Note	Group and Fund	
		2021 RM'000	2020 RM'000
Lease revenue		283,173	330,846
Revenue from contracts with customers		116,354	134,393
Total revenue	13	399,527	465,239
Utilities expenses		(27,254)	(36,060)
Maintenance expenses		(21,359)	(23,630)
Quit rent and assessment		(14,078)	(15,932)
Reimbursement costs	14	(54,532)	(68,038)
Upgrading costs		(7,203)	(4,901)
Property operating expenses		(124,426)	(148,561)
Net property income		275,101	316,678
Interest income		8,655	6,184
Net investment income		283,756	322,862
Manager's management fees	15	(29,155)	(31,425)
Trustees' fees		(320)	(320)
Valuation fees		(210)	(118)
Other trust expenses		(863)	(1,001)
Finance costs	16	(53,060)	(53,205)
Profit before taxation		200,148	236,793
Taxation	17	-	-
Profit after taxation		200,148	236,793
Other comprehensive income, net of tax		-	-
Total comprehensive income attributable to unitholders		200,148	236,793
Total comprehensive income is made up as follows:-			
Realised		200,148	236,793
Unrealised		-	-
		200,148	236,793
Basic earnings per unit (sen)	18	5.61	6.65
Diluted earnings per unit (sen)	18	5.61	6.65
Total comprehensive income		200,148	236,793
Distribution adjustments	19	20,435	23,044
Distributable income		220,583	259,837
Distribution per unit (sen)	19	6.03	6.75

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 2021

	Note	Unitholders' capital RM'000	Accumulated losses* RM'000	Total unitholders' funds RM'000
Group and Fund				
As at 1 January 2021		4,483,011	(682,242)	3,800,769
Profit after tax/Total comprehensive income for the financial year attributable to unitholders		-	200,148	200,148
Distribution to unitholders	19	-	(215,300)	(215,300)
Net total comprehensive loss for the financial year attributable to unitholders		-	(15,152)	(15,152)
Unitholders' transactions				
Issue of new Units				
- Manager's management fees paid in Units	10	18,930	-	18,930
Increase in net assets resulting from unitholders' transactions		18,930	-	18,930
As at 31 December 2021		4,501,941	(697,394)	3,804,547
As at 1 January 2020		4,462,484	(678,521)	3,783,963
Profit after tax/Total comprehensive income for the financial year attributable to unitholders		-	236,793	236,793
Distribution to unitholders	19	-	(240,514)	(240,514)
Net total comprehensive loss for the financial year attributable to unitholders		-	(3,721)	(3,721)
Unitholders' transactions				
Issue of new Units				
- Manager's management fees paid in Units	10	20,527	-	20,527
Increase in net assets resulting from unitholders' transactions		20,527	-	20,527
As at 31 December 2020		4,483,011	(682,242)	3,800,769

* IGB REIT adopted predecessor accounting as its accounting policy to account for business combinations under common control on 21 September 2012. In accordance with this policy, the difference between the fair value of the Units issued as consideration and the aggregate carrying amounts of the assets and liabilities acquired as of the date of the business combination is included in equity as accumulated losses.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

		Group		Fund	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before taxation		200,148	236,793	200,148	236,793
<i>Adjustments for:-</i>					
Manager's management fee payable in Units		18,951	20,426	18,951	20,426
Finance costs		53,060	53,205	53,060	53,205
Interest income		(8,655)	(6,184)	(8,655)	(6,184)
Movement of loss allowance of trade receivables		1,064	24,769	1,064	24,769
Depreciation of plant and equipment		1,224	2,358	1,224	2,358
Plant and equipment written-off		6	8	6	8
Loss/(Gain) on disposal of plant and equipment		9	(2)	9	(2)
Operating income before changes in working capital		265,807	331,373	265,807	331,373
Net change in trade and other receivables		(13,150)	(30,878)	(13,135)	(30,884)
Net change in trade and other payables		4,541	(13,425)	4,541	(13,425)
Net cash generated from operating activities		257,198	287,070	257,213	287,064
Cash flows from investing activities					
Purchase of plant and equipment		(237)	(317)	(237)	(317)
Proceeds from disposal of plant and equipment		- *	6	- *	6
Interest received		8,710	6,636	8,196	5,946
Movement in pledged deposit		(499)	(695)	-	-
Net cash generated from investing activities		7,974	5,630	7,959	5,635
Cash flows from financing activities					
Interest paid		(52,655)	(53,090)	(52,655)	(53,090)
Distribution paid to unitholders		(211,900)	(243,934)	(211,900)	(243,934)
Net cash used in financing activities		(264,555)	(297,024)	(264,555)	(297,024)
Net increase/(decrease) in cash and cash equivalents		617	(4,324)	617	(4,325)
Cash and cash equivalents at beginning of the financial year		192,764	197,088	192,731	197,056
Cash and cash equivalents at end of the financial year	9	193,381	192,764	193,348	192,731

* Amount below RM1,000.

Details of the reconciliation of liabilities arising from financing activities are disclosed in Note 9.

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL

(A) Background

IGB Real Estate Investment Trust ("IGB REIT" or "Fund") is a Malaysia-domiciled real estate investment trust established on 25 July 2012 pursuant to the deed of trust dated 18 July 2012, as amended by the first amending and restating deed dated 25 October 2018 ("Deed") between the Manager and MTrustee Berhad ("Trustee"), listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 21 September 2012 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. IGB REIT 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

Mid Valley Megamall and The Gardens Mall
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

The principal investment policy of IGB REIT is to invest, directly and indirectly, in a diversified portfolio of income producing real estate used primarily for retail purposes in Malaysia and overseas as well as real estate related assets. Real estate used primarily for retail purposes would include retail properties and mixed used development with a retail component. The principal activity of the subsidiary, incorporated in Malaysia, is disclosed in Note 7 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 IGB REIT'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 2021 were authorised for issue in accordance with a resolution by the Directors of the Manager on 22 February 2022.

(B) Fee Structure

IGB REIT has entered into service agreements in relation to the management of IGB REIT 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 RM18,000 per month (excluding sales and 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 IGB REIT ("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 IGB REIT, in the forms of cash, new Units or a combination thereof at the election of the Management Company in its sole discretion:-

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

1 GENERAL (continued)

(B) Fee Structure (continued)

(b) Manager's management fees (continued)

- iii) Any payment to third party agents or brokers in connection with the acquisition of any real estate and real estate-related assets for IGB REIT 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 IGB REIT).

For the avoidance of doubt, no acquisition fee is payable with respect to acquisition of the subject properties in connection with the listing of IGB REIT 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 IGB REIT pro-rated, if applicable, to the proportion of IGB REIT'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 IGB REIT) pro-rated, if applicable, to the proportion of IGB REIT'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 IGB REIT 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 IGB REIT).

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 IGB REIT complying with the public spread requirements stated in the Listing Requirements of Bursa Securities and there being no adverse implications under Malaysian Code on Take-Overs and Mergers 2016.

(c) Trustee's fees

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2 BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

The COVID-19 pandemic has caused the sluggish economic and business situations which have a material adverse impact on IGB REIT's financial results. The rental support provided to eligible tenants, lower car park income and increase in expected credit losses resulted from the Movement Control Orders and/or National Recovery Plan. The increasing number of COVID-19 cases impacted the footfall and vehicle traffic volume to the retail malls. The Manager is monitoring the current economic and business situations closely and takes appropriate and timely actions to mitigate the impact on IGB REIT's operations and financial performance.

(b) Amendments to published standards and interpretations 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 2021:-

- Amendments to MFRS 16 'COVID-19 - Related Rent Concessions'

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

(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 2021 and are applicable to the Group and the Fund are as follows:-

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

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

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

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

The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment, the proceeds received from selling items produced by the property, plant and equipment before ready for the intended use. The sales proceeds should be recognised in the statement of comprehensive income.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2 BASIS OF PREPARATION (continued)

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

The new standards and amendments to standards and interpretations that are effective for financial year beginning after 1 January 2021 and are applicable to the Group and the Fund are as follows:- (continued)

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

The amendments shall be applied retrospectively.

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

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

The amendments shall be applied retrospectively.

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Consolidation

(i) Business combination under common control

IGB REIT applied predecessor accounting to account for business combinations under common control on 21 September 2012, i.e. combination involving entities or businesses under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the holding company. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (at the date of the transaction) of the acquired business is recorded as an adjustment to retained earnings. No additional goodwill is recognised. Acquisition-related costs are expensed as incurred. The acquired business' results and the related balance sheet items are recognised prospectively from the date on which the business combination between entities under common control occurred.

(ii) 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 when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

(ii) Subsidiary (continued)

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

(iii) Investment in subsidiary

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

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

(b) Investment properties

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Investment properties (continued)

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 assets is consistent with those investment properties owned by the Group and the Fund.

(c) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Cost of plant and equipment includes purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing plant and equipment at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of the plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Fund, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on capital work-in-progress commences when the assets are ready for their intended use. Plant and equipment are depreciated on a straight-line basis to allocate the cost of the assets to their residual values over their estimated useful lives, summarised as follows:-

Motor vehicles	20%
Furniture and fittings	12.5%
Equipment	12.5%
Information technology equipment	33 1/3%
Plant and machinery	10%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. The assessment of expected residual values and estimated useful lives of assets is carried out on an annual basis.

At the end of the reporting period, the Group and the Fund assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Please refer to accounting policy on impairment of non-financial assets (Note 3(h)).

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in the statement of comprehensive income.

(d) 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

The Group and the Fund classify financial assets at amortised cost.

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 profit or loss and presented in reimbursement cost together with foreign exchange gain and loss.

(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, accrued billings and trade intercompany balances

The Group and the Fund apply the MFRS 9 "Financial Instruments" simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, accrued billings and trade intercompany balances. Note 23.1(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 23.1(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

Definition of default and credit-impaired financial assets

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

Quantitative criteria

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

Qualitative criteria

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

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

Write-off – trade receivables and intercompany balances

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

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

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

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

(e) 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.

(f) 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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.

(g) 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.

(h) Impairment of non-financial assets

Plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The impairment loss is charged to the statement of comprehensive income during the period in which they are incurred and any subsequent increase in recoverable amount is recognised in the statement of comprehensive income during the period in which they are incurred.

(i) Cash and cash equivalents

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

(j) 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.

(k) Borrowings

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Borrowings (continued)

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.

(l) Revenue/income recognition

Lease revenue

Rental income is recognised in accordance with the accounting policy set out in Note 3(o)(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 agreement, is recognised upon services being rendered 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(o)(b).

(ii) Car park income and other income

Car park income and other income are recognised upon services being rendered.

(iii) Utilities recoveries

Recoveries from utilities are recognised upon supply, distribution and billing of utilities to the customer and the customer receives and consumes the utilities.

(iv) Advertising and promotional income

Advertising and promotional income is recognised in the accounting period in which the services are rendered and the customer receives and consumes the economic benefits provided by the Group and the Fund, and the Group and the Fund have a present right to receive payment for such services.

Interest income

Interest income on financial assets is carried at amortised cost calculated using the effective interest method and 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 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).

(m) Manager's management fees

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax

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

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

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

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

(o) 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 and extension 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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.

Finance leases

The Group and the Fund classify a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Fund derecognise the underlying asset and recognise a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to impairment under MFRS 9 "Financial Instruments". In addition, the Group and the Fund review regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group and the Fund revise the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Leases (continued)

(b) Accounting by lessor (continued)

Operating leases (continued)

The Group and the Fund offer rental supports, 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 supports granted, the supports are recognised by the Group and the Fund in the following manner:

- a) supports granted on lease payments in advance of them being due are accounted for as a lease modification, as the supports has changed the total lease consideration. The supports granted is treated as a new operating lease at the effective date of modification, where lease income based on revised total lease consideration as a reduction of rental income is recognised in the statement of comprehensive income over the remaining lease term on a straight-line basis; and
- b) supports 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 supports is recognised as a loss in the same period in which the reduction is contractually agreed.

Separating lease and non-lease components

As the tenancy agreements contain lease and non-lease components, the Group and the Fund allocate the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices. Where these selling prices are not directly observable, they are estimate 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.

(p) Functional and presentation currency

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

(q) Earnings per unit

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

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

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

(r) 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.

(s) Net asset value ("NAV")

NAV is the value of the total assets less the value of the total liabilities in accordance with the Guidelines on Listed Real Estate Investment Trusts.

(t) Distribution of income

Distribution of income should only be made from realised gains or realised income in accordance with the Guidelines on Listed Real Estate Investment Trusts.

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

Distribution adjustments are disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Realised and unrealised profit or loss analysis in the statement of comprehensive income.

In accordance with the Guidelines on Listed Real Estate Trusts, a charger 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 of 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 of subsequent measurement of an asset or a liability is not attributed to consumption of resource. Such credit or charge should be deemed as unrealised until the consumption of resource could be demonstrated. Unrealised profit or loss comprises mainly the changes in fair value on investment properties.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Significant assumptions for estimation of fair value of investment properties

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

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

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

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

The independent external valuers had incorporated higher capitalisation rate and allowance for void rate in the valuations of the investment properties in the prior financial year to reflect the uncertainties arising from the unknown future impacts, if any, of the COVID-19 pandemic might have on the real estate market. Whilst there are still uncertainties in the market conditions due to the ongoing COVID-19 pandemic, no further adjustments were made in the current year in view of the gradual recovery in the overall economy and high vaccination rates in Malaysia.

Sensitivity analysis on fair value of investment properties is disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

5 PLANT AND EQUIPMENT

<u>Group and Fund</u>	<u>Motor vehicles RM'000</u>	<u>Furniture and fittings RM'000</u>	<u>Equipment RM'000</u>	<u>Information technology equipment RM'000</u>	<u>Plant and machinery RM'000</u>	<u>Total RM'000</u>
Cost						
As at 1 January 2021	712	2,732	16,422	2,624	28	22,518
Additions	-	19	81	137	-	237
Disposals	-	-	(14)	-	-	(14)
Write-offs	-	(18)	(83)	(100)	-	(201)
As at 31 December 2021	712	2,733	16,406	2,661	28	22,540
Accumulated depreciation						
As at 1 January 2021	681	2,394	13,519	2,299	23	18,916
Depreciation charge for the financial year	15	75	928	203	3	1,224
Disposals	-	-	(5)	-	-	(5)
Write-offs	-	(15)	(81)	(99)	-	(195)
As at 31 December 2021	696	2,454	14,361	2,403	26	19,940
Carrying amounts						
As at 31 December 2021	16	279	2,045	258	2	2,600
Cost						
As at 1 January 2020	712	2,752	16,483	2,412	28	22,387
Additions	-	28	26	263	-	317
Disposals	-	(2)	(61)	(5)	-	(68)
Write-offs	*-	(46)	(26)	(46)	-	(118)
As at 31 December 2020	712	2,732	16,422	2,624	28	22,518
Accumulated depreciation						
As at 1 January 2020	666	2,159	11,790	2,097	20	16,732
Depreciation charge for the financial year	15	276	1,812	252	3	2,358
Disposals	-	(1)	(59)	(4)	-	(64)
Write-offs	*-	(40)	(24)	(46)	-	(110)
As at 31 December 2020	681	2,394	13,519	2,299	23	18,916
Carrying amounts						
As at 31 December 2020	31	338	2,903	325	5	3,602

* Amount below RM1,000

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6 INVESTMENT PROPERTIES

	Group and Fund	
	2021	2020
	RM'000	RM'000
As at 1 January/31 December	4,960,000	4,960,000

On 20 September 2012, IGB REIT acquired the investment properties of which the consideration was settled in cash for RM1,200 million and issuance of 3,400 million units in IGB REIT.

The title deed of the land for MVM is currently being held in trust by a related company.

MVM is charged as a security for borrowings as disclosed in Note 11.

Investment properties as at 31 December 2021 and 31 December 2020 are stated at fair value based on valuations performed by independent registered valuer, Henry Butcher. These valuations were reviewed by the Manager and approved by the Board of Directors of the Manager as the determination of fair value using the income approach involves the use of certain estimates that reflect the current market conditions.

Based on the valuation reports dated 3 January 2022 issued by Henry Butcher, the fair values of MVM and TGM as at 31 December 2021 are RM3.665 billion (2020: RM3.665 billion) and RM1.295 billion (2020: RM1.295 billion) respectively.

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

The Level 3 inputs or unobservable inputs include:-

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

6 INVESTMENT PROPERTIES (continued)

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

Group and Fund

Valuation technique	Fair value RM'000	Parameters					Sensitivity analysis on fair value measurements*1				
		Capitalisation rates					Allowance for void %	Outgoings RM psf	Impact of lower rate RM'000	Impact of higher rate RM'000	Impact of higher outgoings RM'000
		Term period %	Reversionary period %	Car park income %	Other income*2 %						
MVM	Income approach	3,665,000	5.85-6.85	6.35-7.35	7.50	7.50-9.25	5.00	3.80	97,000	(100,000)	60,000 (68,000)
TGM	Income approach	1,295,000	5.85-6.85	6.35-7.35	7.50	7.50-9.25	5.00	4.50	33,000	(31,000)	29,000 (30,000)
		<u>4,960,000</u>							<u>130,000</u>	<u>(131,000)</u>	<u>89,000 (98,000)</u>

Notes:-

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

*2 Includes percentage rent.

The fair value measurements using Level 3 inputs as at 31 December 2020 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 %	Outgoings RM psf	Impact of lower rate RM'000	Impact of higher rate RM'000	Impact of higher outgoings RM'000
		Term period %	Reversionary period %	Car park income %	Other income*2 %						
MVM	Income approach	3,665,000	5.85-6.85	6.35-7.35	7.50	7.50-9.25	5.00	3.80	104,500	(92,800)	66,800 (61,600)
TGM	Income approach	1,295,000	5.85-6.85	6.35-7.35	7.50	7.50-9.25	5.00	4.50	31,900	(30,900)	28,800 (29,800)
		<u>4,960,000</u>							<u>136,400</u>	<u>(123,700)</u>	<u>95,600 (91,400)</u>

Notes:-

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

*2 Includes percentage rent.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6 INVESTMENT PROPERTIES (continued)

The investment properties are as follows:-

Group and Fund

	Date of acquisition	Date of valuation	Location	Tenure	Occupancy rates as at 31.12.2021	Fair value as at 31.12.2021	Fair value at acquisition	Percentage of fair value to NAV ^{*3} as at 31.12.2021
					%	RM'000	RM'000	%
MVM	20.09.2012	31.12.2021	Kuala Lumpur	Leasehold ^{*1}	98	3,665,000	3,440,000	96.3
TGM	20.09.2012	31.12.2021	Kuala Lumpur	Leasehold ^{*2}	91	1,295,000	1,160,000	34.0
						4,960,000	4,600,000	

	Date of acquisition	Date of valuation	Location	Tenure	Occupancy rates as at 31.12.2020	Fair value as at 31.12.2020	Fair value at acquisition	Percentage of fair value to NAV ^{*3} as at 31.12.2020
					%	RM'000	RM'000	%
MVM	20.09.2012	31.12.2020	Kuala Lumpur	Leasehold ^{*2}	99	3,665,000	3,440,000	96.4
TGM	20.09.2012	31.12.2020	Kuala Lumpur	Leasehold ^{*2}	92	1,295,000	1,160,000	34.1
						4,960,000	4,600,000	

Notes:-

^{*1} The expiry date of the lease has been extended from 6 June 2103 to 11 April 2104 with the issuance of new land title during the financial year.

^{*2} The lease has a period of 99 years expiring on 6 June 2103.

^{*3} Based on consolidated NAV after income distribution.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6 INVESTMENT PROPERTIES (continued)

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

The lease revenue and related income arising from investment properties during the financial year is RM283,173,000 (Note 13).

Direct operating expenses arising from investment properties during the financial year is RM124,426,000, as disclosed under property operating expenses in Statements of Comprehensive Income.

- (ii) Leasing arrangement

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

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 24.

7 INVESTMENT IN SUBSIDIARY

		Fund		
		2021	2020	
		RM'000	RM'000	
At cost				
Unquoted shares		-*	-*	
* Denotes RM2				
Name of company	Principal activities	Place of incorporation	Group's effective interest (%)	
			2021	2020
IGB 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)

8 TRADE AND OTHER RECEIVABLES

	Group		Fund	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Trade receivables	49,761	32,531	49,761	32,531
Accrued billings	6,290	6,092	6,290	6,092
Amount owing by ultimate holding company	18	18	18	18
Amounts owing by related companies	3,391	1,319	3,391	1,319
Less: Loss allowance	(28,265)	(27,201)	(28,265)	(27,201)
Trade receivables – net	31,195	12,759	31,195	12,759
Deferred lease incentives	7,731	14,329	7,731	14,329
	38,926	27,088	38,926	27,088
Other receivables	272	241	205	189
Deposits	7,564	7,563	7,564	7,563
Amount owing by subsidiary	-	-	29,715	29,201
	7,836	7,804	37,484	36,953
Prepayments	713	552	713	552
	8,549	8,356	38,197	37,505
Total trade and other receivables	47,475	35,444	77,123	64,593

The carrying amount of trade and other receivables is a reasonable approximation of fair value as trade and other receivables are short-term in nature or payable on demand.

The credit terms of trade receivables were seven (7) days (2020: seven (7) days).

The amount owing by subsidiary represents advances, mainly to comply with the minimum required balance in Debt Service Reserve Account pursuant to Tranche 1, MTN (Note 11), which are unsecured, repayable on demand and carries interest rate at 1.75% (2020: 1.75%) per annum.

The amounts owing by ultimate holding and related companies are trade in nature, unsecured and with credit terms of seven (7) days (2020: seven (7) days).

9 CASH AND CASH EQUIVALENTS

	Group		Fund	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash in hand	434	770	434	770
Bank balances	23,819	21,866	23,814	21,861
Deposits placed with licensed banks	198,743	199,244	169,100	170,100
Cash and bank balances	222,996	221,880	193,348	192,731
Less:-				
Pledged deposits	(29,615)	(29,116)	-	-
Cash and cash equivalents	193,381	192,764	193,348	192,731

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

The weighted average effective interest rate of deposits with licensed banks of the Group and the Fund that were effective at the reporting date were 1.69% per annum (2020: 1.68%) and 1.67% per annum (2020: 1.67% per annum) respectively.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

9 CASH AND CASH EQUIVALENTS (continued)

Deposits with licensed banks of the Group and the Fund have a weighted average maturity of 36 days (2020: 39 days) and 27 days (2020: 30 days) respectively.

Included in the deposits placed with licensed banks of the Group is pledged deposit of RM29.6 million (2020: RM29.1 million) which carries interest rate at 1.75% (2020: 1.75%) per annum, which is maintained in a Debt Service Reserve Account to cover a minimum of six (6) months interest for borrowings (Note 11).

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

Group	Non-current borrowings RM'000	Current borrowings RM'000	Distribution payable to unitholders RM'000	Total RM'000
As at 1 January 2021	1,199,545	14,755	74,161	1,288,461
Cash flows:-				
Interest paid	-	(52,655)	-	(52,655)
Distribution paid to unitholders	-	-	(211,900)	(211,900)
	-	(52,655)	(211,900)	(264,555)
Non-cash changes:-				
Amortisation of transaction costs	-	260	-	260
Accrual for interest	-	52,800	-	52,800
Distribution to unitholders	-	-	215,300	215,300
Reclassification	(1,199,545)	1,199,545	-	-
	(1,199,545)	1,252,605	215,300	268,360
As at 31 December 2021	-	1,214,705	77,561	1,292,266
Group	Non-current borrowings RM'000	Current borrowings RM'000	Distribution payable to unitholders RM'000	Total RM'000
As at 1 January 2020	1,199,285	14,900	77,581	1,291,766
Cash flows:-				
Interest paid	-	(53,090)	-	(53,090)
Distribution paid to unitholders	-	-	(243,934)	(243,934)
	-	(53,090)	(243,934)	(297,024)
Non-cash changes:-				
Amortisation of transaction costs	260	-	-	260
Accrual for interest	-	52,945	-	52,945
Distribution to unitholders	-	-	240,514	240,514
	260	52,945	240,514	293,719
As at 31 December 2020	1,199,545	14,755	74,161	1,288,461

NOTES TO THE FINANCIAL STATEMENTS

(continued)

9 CASH AND CASH EQUIVALENTS (continued)

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

Fund	Non-current – amount due to subsidiary RM'000	Current – amount due to subsidiary RM'000	Distribution payable to unitholders RM'000	Total RM'000
As at 1 January 2021	1,199,545	14,755	74,161	1,288,461
Cash flows:-				
Interest paid	-	(52,655)	-	(52,655)
Distribution paid to unitholders	-	-	(211,900)	(211,900)
	-	(52,655)	(211,900)	(264,555)
Non-cash changes:-				
Amortisation of transaction costs	-	260	-	260
Accrual for interest	-	52,800	-	52,800
Accrual for income distribution	-	-	215,300	215,300
Reclassification	(1,199,545)	1,199,545	-	-
	(1,199,545)	1,252,605	215,300	268,360
As at 31 December 2021	-	1,214,705	77,561	1,292,266

Fund	Non-current – amount due to subsidiary RM'000	Current – amount due to subsidiary RM'000	Distribution payable to unitholders RM'000	Total RM'000
As at 1 January 2020	1,199,285	14,900	77,581	1,291,766
Cash flows:-				
Interest paid	-	(53,090)	-	(53,090)
Distribution paid to unitholders	-	-	(243,934)	(243,934)
	-	(53,090)	(243,934)	(297,024)
Non-cash changes:-				
Amortisation of transaction costs	260	-	-	260
Accrual for interest	-	52,945	-	52,945
Accrual for income distribution	-	-	240,514	240,514
	260	52,945	240,514	293,719
As at 31 December 2020	1,199,545	14,755	74,161	1,288,461

10 UNITHOLDERS' CAPITAL

	Group and Fund			
	2021		2020	
	Number of units '000	Value RM'000	Number of units '000	Value RM'000
Issued and fully paid up:				
As at 1 January	3,560,560	4,483,011	3,548,828	4,462,484
Issue of new Units *	11,291	18,930	11,732	20,527
As at 31 December	3,571,851	4,501,941	3,560,560	4,483,011

* During the financial year, a portion of the Manager's management fees was paid in Units. Total Manager's management fees paid/payable in Units are disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11 BORROWINGS

	Group	
	2021	2020
	RM'000	RM'000
Current (secured):		
Medium term notes	1,214,705	14,755
	1,214,705	14,755
Non-current (secured):		
Medium term notes	-	1,199,545
	-	1,199,545
Total	1,214,705	1,214,300

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

On 18 August 2017, the Manager announced on the Main Market of Bursa Securities that IGB REIT Capital Sdn Bhd ("IGBRC"), a special purpose vehicle wholly-owned by IGB REIT via MTrustee Berhad (acting in its capacity as trustee for IGB REIT), had lodged a MTN Programme with the SC pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC. The MTN Programme has a tenure of twenty (20) years from the date of first issuance of MTN under the MTN Programme.

On 20 September 2017, IGBRC issued the first tranche AAA-rated MTN ("Tranche 1, MTN") amounting to RM1.2 billion which was advanced to the Fund to fully settle the previous Fixed Rate Term Loan facility. The Tranche 1, MTN has a tenure of 7 years ("Legal Maturity") effective from 20 September 2017. For the first 5 years ("Expected Maturity"), the Tranche 1, MTN bears a fixed coupon rate of 4.4% per annum. The RM1.2 billion 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 to 5.4% per annum for the sixth and seventh years. In addition, the trigger event is required to be remedied by IGBRC 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's Expected Maturity is on 20 September 2022 and the Group intends to redeem the Tranche 1, MTN on that date. As such, the entire amount outstanding as at 31 December 2021 is presented as current liabilities. The Group's repayment plans are discussed in Note 23.1(c) to the financial statements.

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 MVM and under the sale and purchase agreement in relation to MVM. In the event the subdivision of master title is completed and a separate strata title is issued for MVM ("MVM Strata Title"), a third party first legal charge shall be created on MVM 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 MVM;
- (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 MVM 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 MVM 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 MVM 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)

11 BORROWINGS (continued)

The maturity profiles of the borrowings are as follows:-

	<1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	>3 years RM'000	Total Carrying Amount RM'000
Group					
As at 31 December 2021					
Tranche 1, MTN	1,214,705	-	-	-	1,214,705
	1,214,705	-	-	-	1,214,705
As at 31 December 2020					
Tranche 1, MTN	14,755	1,199,545	-	-	1,214,300
	14,755	1,199,545	-	-	1,214,300

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

	Group	
	2021	2020
	per annum	per annum
Tranche 1, MTN	4.38%	4.38%

12 TRADE AND OTHER PAYABLES

		Group		Fund	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Amount due to subsidiary	a	-	-	-	1,199,545
Current					
Trade payables	b	7,686	5,667	7,686	5,667
Tenants' deposits	c	96,415	97,180	96,415	97,180
		104,101	102,847	104,101	102,847
Other payables and accrued expenses		8,270	7,811	8,270	7,811
Indirect tax payable		304	189	304	189
Prepaid rental		12,630	8,465	12,630	8,465
Amount due to subsidiary	a	-	-	1,214,705	14,755
Amounts due to related companies	d	10,953	12,384	10,953	12,384
Distribution payable to unitholders		77,561	74,161	77,561	74,161
		109,718	103,010	1,324,423	117,765
Total current trade and other payables		213,819	205,857	1,428,524	220,612
Total trade and other payables		213,819	205,857	1,428,524	1,420,157

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12 TRADE AND OTHER PAYABLES (continued)

- (a) The amount due to subsidiary represents advances from the issuance of Tranche 1, MTN, which are secured and carries interest rate at 4.40% (2020: 4.40%) per annum, in which the repayment terms mirror the terms stated in Note 11.
- (b) Credit terms for trade payables range from 30 days to 90 days (2020: 30 days to 90 days).
- (c) 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 deposit to the tenant at the end of the tenancy and lease 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 and lease agreements.
- (d) Amounts due to related companies are unsecured, interest-free (2020: interest free) and repayable on demand.

13 TOTAL REVENUE

	Group and Fund	
	2021 RM'000	2020 RM'000
Lease revenue	283,173	330,846
<u>Revenue from contracts with customers</u>		
- Service charge	70,459	75,870
- Car park income	25,203	29,460
- Utilities recoverable	13,665	17,444
- Promotion partnership income	1,570	1,370
- Forfeited deposits, fit-out works and others	5,457	10,249
	<u>116,354</u>	<u>134,393</u>
Total revenue	<u>399,527</u>	<u>465,239</u>
Revenue from contracts with customers is recognised :-		
- Over time	<u>116,354</u>	<u>134,393</u>

Lease revenue included variable lease payments related to sales generated from tenants which approximates to 10.0% (2020: 11.9%) of lease revenue. There are no other variable lease payments that depend on an index or rate.

Total conditional rental supports granted by the Group and the Fund under the rental support programme offered to eligible tenants affected by the COVID-19 pandemic amounted to RM93.1 million (2020: RM81.5 million), of which RM91.9 million (2020: RM73.0 million) was recognised as a reduction to lease revenue and service charge in the financial year. Conditional rental supports resulting in lease modification in the prior financial year is recognised over the lease term and the amount recognised during the financial year was RM6.8 million.

14 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	
	2021 RM'000	2020 RM'000
Manpower costs	27,089	27,574
Marketing expenses	3,700	4,164
Administration expenses	17,720	30,539
Management expenses	4,511	4,138
Insurance premium	1,512	1,623
	<u>54,532</u>	<u>68,038</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

15 MANAGER'S MANAGEMENT FEES

	Group and Fund	
	2021	2020
	RM'000	RM'000
Base fee	15,601	15,591
Performance fee	13,554	15,834
	29,155	31,425

For the financial year ended 31 December 2021, 65% of the total Manager's management fees has been paid/payable in Units (2020: 65%) and the remaining 35% in cash (2020: 35%), amounting to RM18,951,000 and RM10,204,000 (2020: RM20,426,000 and RM10,999,000) respectively.

16 FINANCE COSTS

	Group		Fund	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- Medium Term Notes	53,060	53,205	-	-
- advances from subsidiary	-	-	53,060	53,205
	53,060	53,205	53,060	53,205

17 TAXATION

	Group and Fund	
	2021	2020
	RM'000	RM'000
Reconciliation of tax expense		
Profit before taxation	200,148	236,793
Income tax using Malaysian tax rate of 24% (2020: 24%)	48,036	56,830
Non-deductible expenses	7,822	8,342
Income exempted from tax	(55,858)	(65,172)
	-	-

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 ("Act"), income of IGB REIT 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 IGB REIT 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 IGB REIT financial year which forms the basis period for a year of assessment, IGB REIT will be subject to income tax at the prevailing rate on its total taxable income. Income which has been taxed at the IGB REIT level will have tax credits attached when subsequently distributed to unitholders.

As the distribution to unitholders for the financial year ended 31 December 2021 is approximately 97.5% (2020: 92.6%) of the total distributable income, no provision for income taxation has been made for the current and prior financial year.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

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

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

	Note	Group and Fund	
		2021 RM'000	2020 RM'000
Total comprehensive income			
- Realised		200,148	236,793
- Unrealised		-	-
Total		200,148	236,793
Weighted average number of Units ('000)			
Weighted average number of Units in issue		3,566,981	3,555,187
Adjustment for Manager's management fees payable in Units	a	3,587	3,420
Weighted average number of Units for diluted EPU		3,570,568	3,558,607
Basic/Diluted EPU (sen)			
- Realised		5.61	6.65
- Unrealised		-	-
Total		5.61	6.65

Diluted EPU equals to Basic EPU as there are no potential dilutive units in issue.

Note (a):-

	Group and Fund			
	2021		2020	
	Number of units '000	Value RM'000	Number of units '000	Value RM'000
Manager's management fees payable in Units				
- from 1 October 2021 to 31 December 2021 at RM1.56 per Unit listed on 3 February 2022	3,587	5,596	-	-
- from 1 October 2020 to 31 December 2020 at RM1.63 per Unit listed on 3 February 2021	-	-	3,420	5,575
	3,587	5,596	3,420	5,575

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19 DISTRIBUTION TO UNITHOLDERS

	Note	Group and Fund	
		2021 RM'000	2020 RM'000
Total comprehensive income		200,148	236,793
Distribution adjustments	a	20,435	23,044
Distributable income		220,583	259,837
Distribution per unit (sen)			
- for the period from 1 January 2021 to 31 March 2021		1.33	-
- for the period from 1 April 2021 to 30 June 2021		1.35	-
- for the period from 1 July 2021 to 30 September 2021		1.18	-
- for the period from 1 October 2021 to 31 December 2021		2.17	-
- for the period from 1 January 2020 to 31 March 2020		-	1.94
- for the period from 1 April 2020 to 30 June 2020		-	0.62
- for the period from 1 July 2020 to 30 September 2020		-	2.11
- for the period from 1 October 2020 to 31 December 2020		-	2.08
		6.03	6.75
<u>Sources of distribution</u>			
Lease revenue		283,173	330,846
Revenue from contracts with customers		116,354	134,393
Interest income		8,655	6,184
		408,182	471,423
Less: Expenses		(208,034)	(234,630)
Total comprehensive income		200,148	236,793
Distribution adjustments	a	20,435	23,044
Distributable income		220,583	259,837
Income distribution of 1.33 sen per unit (@ 1.32 sen taxable and 0.01 sen non-taxable) for the period from 1 January 2021 to 31 March 2021		(47,368)	-
Income distribution of 1.35 sen per unit (@ 1.33 sen taxable and 0.02 sen non-taxable) for the period from 1 April 2021 to 30 June 2021		(48,090)	-
Income distribution of 1.18 sen per unit (@ 1.16 sen taxable and 0.02 sen non-taxable) for the period from 1 July 2021 to 30 September 2021		(42,190)	-
Income distribution of 2.17 sen per unit (@ 2.16 sen taxable and 0.01 sen non-taxable) for the period from 1 October 2021 to 31 December 2021		(77,652)	-
Income distribution of 1.94 sen per unit (@ 1.90 sen taxable and 0.04 sen non-taxable) for the period from 1 January 2020 to 31 March 2020		-	(69,100)
Income distribution of 0.62 sen per unit (@ 0.59 sen taxable and 0.03 sen non-taxable) for the period from 1 April 2020 to 30 June 2020		-	(22,253)
Income distribution of 2.11 sen per unit (@ 2.09 sen taxable and 0.02 sen non-taxable) for the period from 1 July 2020 to 30 September 2020		-	(74,851)
Income distribution of 2.08 sen per unit (@ 2.06 sen taxable and 0.02 sen non-taxable) for the period from 1 October 2020 to 31 December 2020		-	(74,310)
Income distributed		(215,300)	(240,514)
Income retained		5,283	19,323

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19 DISTRIBUTION TO UNITHOLDERS (continued)

		Group and Fund	
		2021	2020
	Note	RM'000	RM'000
<u>Note (a):-</u>			
Distribution adjustments comprise:-			
Manager's management fees payable in Units	15	18,951	20,426
Amortisation of transaction costs		260	260
Depreciation of plant and equipment	5	1,224	2,358
		20,435	23,044

Withholding tax will be deducted for distributions as follows:-

	Withholding tax rate	
	2021	2020
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

20 MANAGEMENT EXPENSE RATIO

	Group and Fund	
	2021	2020
Management expense ratio ("MER") (%)	0.80	0.86

The calculation of the MER is based on the 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 the Guidelines on Listed Real Estate Investment Trusts 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.

21 SEGMENT REPORTING

The segmental financial information by business or geographical segments is not presented as there is only one (1) business activity within the investment properties portfolio of the Group and of the Fund, which comprised of MVM and TGM and its entire business is conducted 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

22 FINANCIAL INSTRUMENTS BY CATEGORY

		Group		Fund	
		2021	2020	2021	2020
Note		RM'000	RM'000	RM'000	RM '000
<u>Financial assets at amortised cost</u>					
Assets as per statement of financial position:-					
- Trade and other receivables (excluding prepayments and deferred lease incentives)	8	39,031	20,563	68,679	49,712
- Cash and bank balances	9	222,996	221,880	193,348	192,731
Total financial assets		262,027	242,443	262,027	242,443
<u>Financial liabilities at amortised cost</u>					
Liabilities as per statement of financial position:-					
- Borrowings	11	1,214,705	1,214,300	-	-
- Trade and other payables (excluding indirect tax payable and prepaid rental)	12	200,885	197,203	1,415,590	1,411,503
Total financial liabilities		1,415,590	1,411,503	1,415,590	1,411,503

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

23.1 Financial risk factors

The Group's and the Fund's activities expose it to a variety of financial risks: interest rate risk (including fair value interest rate risk), credit risk and liquidity and cash flow risk. The Group's and the Fund's overall financial risk management objective is to ensure that it creates value for its unitholders. The Group and the Fund focus on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the financial performance of the Group and the Fund. Financial risk management is carried out through risk reviews, internal control systems and insurance programmes. The Manager regularly reviews the risk profile and ensure adherence to the Group's and the Fund's financial risk management policies.

(a) Interest rate risk

The Group's and the Fund's income and cash flows are substantially independent of changes in market interest rates as the interest rate of Tranche 1, MTN is fixed at 4.4% per annum which locks in the interest rate against any fluctuation resulting in exposure to fair value and cash flow interest rate risk.

Sensitivity analysis for interest rate fluctuation is irrelevant or not applicable as the Group and the Fund do not use variable rates in managing its cash flow interest rate risk.

(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.

Credit risk with respect to trade receivables is limited due to the nature of business which is mainly rental and security deposit receivable in advance. Credit risks arising from outstanding receivables from the tenants due to the COVID-19 pandemic and resultant Movement Control Orders ("MCOs") and/or National Recovery Plan ("NRP") are monitored and managed on an ongoing basis. Compliance with credit control standard operating and reporting procedures as well as conditional and targeted rental support programme aimed to mitigate potential increase in expected credit losses.

Other than anchor tenants, namely Aeon BIG, Aeon, Metrojaya, GSC Mid Valley, Isetan, Pop In by Isetan and GSC Aurum Theatre, which contribute 10.3% (2020: 9.0%) of the total rental income, the Group and the Fund do not have any significant exposure to any individual or group of tenants or counterparties.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.1 Financial risk factors (continued)

(b) Credit risk (continued)

Simplified approach for trade receivables, accrued billings and trade intercompany balances

The Group and the Fund apply simplified approach which requires expected lifetime losses to be recognised from initial recognition of the trade receivables, accrued billings and trade intercompany balances.

The expected credit loss and default rates are based on the historical payment profiles of tenants, the corresponding historical credit loss and default experienced, the impact assessment of MCOs and/or NRP arising from the COVID-19 pandemic and the conditional rental support given to eligible tenants, on a case-to-case basis. The historical credit loss and default rates are adjusted to reflect current and forward-looking factors affecting the ability of the tenants to settle the receivables. The Group and the Fund have identified the credit profile, sales performance, cash flow sustainability and business outlook of tenants to be the most relevant forward-looking factors, especially during the prevailing economic uncertainties and challenging operating environment, and adjusted the historical credit loss and default rates based on expected changes in these factors.

Furthermore, the tenants have placed security deposits in the form of cash or bank guarantees which act as collateral if receivables due from the tenants are not settled or in case of breaches of tenancy or lease agreements. As such, no additional credit risk beyond amounts allowed for expected credit 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 consider the risk of material loss in the event of nonperformance by a financial counterparty to be unlikely and hence, the ECL allowance is not material.

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

The other receivables, deposits and non-trade intercompany balances impairment are assessed individually to determine whether there was objective evidence that an impairment had been incurred but not yet identified. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs.

The analysis of credit risk exposure of trade receivables, accrued billings and trade intercompany balances is as follows:-

Trade receivables, accrued billings and trade intercompany balances

Group and Fund

	Not due and 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 2021</u>						
Trade receivables	891	4,640	7,505	1,005	35,720	49,761
Accrued billings	6,290	-	-	-	-	6,290
Intercompany balances (trade)	655	501	513	36	1,704	3,409
Total (gross)	7,836	5,141	8,018	1,041	37,424	59,460
Loss allowance*	(585)	(512)	(1,026)	(338)	(25,804)	(28,265)
Total (net)	7,251	4,629	6,992	703	11,620	31,195

NOTES TO THE FINANCIAL STATEMENTS

(continued)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.1 Financial risk factors (continued)

(b) Credit risk (continued)

Trade receivables, accrued billings and trade intercompany balances (continued)

Group and Fund (continued)

	Not due and 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
As at 31 December 2020						
Trade receivables	41	12,835	7,983	405	11,267	32,531
Accrued billings	6,092	-	-	-	-	6,092
Intercompany balances (trade)	453	489	195	-	200	1,337
Total (gross)	6,586	13,324	8,178	405	11,467	39,960
Loss allowance*	(498)	(12,127)	(6,219)	(384)	(7,973)	(27,201)
Total (net)	6,088	1,197	1,959	21	3,494	12,759

* Expected loss rate for receivables due more than 90 days and tenants under litigation are 100%. The Group and the 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 are low.

The movement of loss allowance of trade receivables is as follows:-

	Group and Fund	
	2021	2020
	RM'000	RM'000
As at 1 January	27,201	2,432
Loss allowance	19,466	26,116
Reversal during the financial year	(7,580)	(1,347)
Credit notes issued for rental support provided	(10,822)	-
As at 31 December	28,265	27,201

The increase in the loss allowance is arising from lower receipt and recovery from tenants as well as the increase in credit risk of tenants due to the prolonged Covid-19 pandemic and resultant MCOs and/or NRP. Loss allowance net of reversal of RM11,886,000 is included in "Reimbursement Cost" in Note 14.

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 11).

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 Guidelines on Real Estate Investment Trusts concerning limits on total borrowings of the investment trust.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.1 Financial risk factors (continued)

(c) Liquidity and cash flow risk (continued)

Cash and bank balances as at 31 December 2021 of the Group and of the Fund of RM223 million (2020: RM222 million) and RM193 million (2020: RM193 million) respectively are expected to assist in the liquidity and cash flow risk management.

The Group and the Fund are in net current liabilities position of RM1,158 million as at 31 December 2021. This was primarily due to the reclassification of Tranche 1, MTN outstanding balance of RM1,215 million to current liabilities as the Expected Maturity is on 20 September 2022 and management intends to redeem the Tranche 1, MTN on that date.

The Manager of IGB REIT does not expect repayment risk and is currently exploring various options and sources to redeem the Tranche 1, MTN. Based on the reaffirmed AAA ratings from Rating Agency on 12 November 2021 and initial signs of the economy recovery which will improve the Malls' operating performance, the Manager is confident that the Group will be able to refinance the Tranche 1, MTN. In addition, IGB REIT is able to obtain further financing on the unencumbered assets with a fair value of RM1,295 million as at 31 December 2021 as disclosed in Note 6.

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>At 31 December 2021</u>					
Borrowings	1,252,800	-	-	-	1,252,800
Trade and other payables and accruals (excluding indirect tax payable and prepaid rental)	200,885	-	-	-	200,885
<u>At 31 December 2020</u>					
Borrowings	52,800	1,252,800	-	-	1,305,600
Trade and other payables and accruals (excluding indirect tax payable and prepaid rental)	197,203	-	-	-	197,203
<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>At 31 December 2021</u>					
Trade and other payables and accruals (excluding indirect tax payable and prepaid rental)	1,455,191	-	-	-	1,455,191
<u>At 31 December 2020</u>					
Trade and other payables and accruals (excluding indirect tax payable and prepaid rental)	264,758	1,239,600	-	-	1,504,358

Note:-

The amounts are contractual and undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.2 Capital risk management

The Group's capital is the unitholders' capital and borrowings. The Fund's capital is the unitholders' capital 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Total borrowings	1,214,705	1,214,300	-	-
Total intercompany borrowings	-	-	1,214,705	1,214,300
Total assets	5,233,071	5,220,926	5,233,071	5,220,926
Borrowings to total assets ratio (%)	23.2	23.3	23.2	23.3

The Securities Commission Malaysia temporarily increased the gearing limit for Malaysia REIT from 50% to 60%, effective from 12 August 2020 until 31 December 2022. The Group and the Fund complied with the borrowing limit in the financial year.

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 Tranche 1, MTN are as follows:-

- (i) to maintain a security cover ratio for MVM of not more than 60%;
- (ii) to maintain the ISCR of not less than 2.0 times for MVM, calculated on a yearly basis at the end of the financial year of IGB REIT; and
- (iii) 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.

The Group and the Fund complied with the financial covenants in the financial year.

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 quarterly basis (or such other interval as determined by the Manager at its absolute discretion).

For the financial year ended 31 December 2021, the Group and the Fund distributed approximately 97.5% (2020: 92.6%) of the total distributable income.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.3 Fair value

The assets and liabilities measured at fair value and classified by level of the fair value measurement hierarchy are as follows:-

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data i.e. unobservable inputs (Level 3).

	Group and Fund	
	2021	2020
	RM'000	RM'000
Level 3		
Recurring fair value measurements:-		
Investment properties	4,960,000	4,960,000

Level 3 fair values of the investment properties have been derived from the income approach method based on valuations performed by Henry Butcher. The valuation techniques, significant parameters and movement in fair values are as disclosed in Note 6.

Assets and liabilities not carried at fair value

Save as disclosed below, the carrying amounts of financial assets and liabilities as at reporting date approximated their fair values.

The Group's borrowings are not measured at fair value as at reporting date. The fair value of such borrowings is disclosed within the fair value hierarchy as follows:-

	Group			
	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Level 2				
Borrowings	1,214,705	1,234,256	1,214,300	1,258,303

	Fund			
	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Level 2				
Intercompany borrowings	1,214,705	1,234,256	1,214,300	1,258,303

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24 OPERATING LEASES

Leases as lessor

The Group and the Fund lease out the investment properties (Note 6) 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 rental support, incentive or waiver will be given to tenants, the undiscounted lease payments to be received, based on committed tenancies as at 31 December 2021 are as follows:-

	Group and Fund	
	2021	2020
	RM'000	RM'000
Less than one (1) year	314,604	289,861
Between one (1) and two (2) years	231,539	159,140
Between two (2) and three (3) years	122,763	72,805
Between three (3) and four (4) years	36,820	24,723
Between four (4) and five (5) years	19,174	22,862
More than five (5) years	106,346	125,467
	831,246	694,858

25 UNSATISFIED PERFORMANCE OBLIGATION

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

	Group and Fund	
	2021	2020
	RM'000	RM'000
Service charges:		
Less than one (1) year	72,031	62,719
Between one (1) and two (2) years	57,743	36,574
Between two (2) and three (3) years	31,854	21,656
Between three (3) and four (4) years	12,191	10,942
Between four (4) and five (5) years	5,681	11,065
More than five (5) years	29,148	34,814
	208,648	177,770

26 CAPITAL COMMITMENTS

The capital expenditure which has not been provided for in the financial statements is as follows:-

	Group and Fund	
	2021	2020
	RM'000	RM'000
Plant and equipment		
Authorised by Directors of the Manager but not contracted	787	1,276

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27 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 ultimate 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 REIT Capital Sdn Bhd	A subsidiary of the Fund via MTrustee Berhad (acting in its capacity as trustee for the Fund)
IGB Digital Sdn Bhd	A subsidiary of IGB
IGB Commercial Real Estate Investment Trust ("IGB Commercial REIT")	A subsidiary of IGB
Ensignia Construction Sdn Bhd	A subsidiary of IGBC
IGB Properties Sdn Bhd	A subsidiary of IGBC
Mid Valley City Developments Sdn Bhd	A subsidiary of IGBC
Mid Valley City Energy Sdn Bhd	A subsidiary of IGBC
Mid Valley City Enterprise Sdn Bhd	A subsidiary of IGBC
Mid Valley City Hotels Sdn Bhd	A subsidiary of IGBC
Mid Valley City North Tower Sdn Bhd	A subsidiary of IGBC
Mid Valley City South Tower Sdn Bhd	A subsidiary of IGBC
Mid Valley City Southpoint Sdn Bhd	A subsidiary of IGBC
MVC Centrepont North Sdn Bhd	A subsidiary of IGBC
MVC Centrepont South Sdn Bhd	A subsidiary of IGBC
MVC CyberManager Sdn Bhd	A subsidiary of IGBC
MVEC Exhibition and Event Services Sdn Bhd	A subsidiary of IGBC
Tanah Permata Sdn Bhd	A subsidiary of IGBC
Wah Seong (Malaya) Trading Co. Sdn Bhd	Major unitholder of the Fund
Strass Media Sdn Bhd	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn Bhd
Syn Tai Hung Trading Sdn Bhd	A subsidiary of Wah Seong Corporation Berhad
Fast Casual Hospitality Sdn Bhd	A person connected to a director of the Manager
CPI Spicy Gardens Sdn Bhd	A person connected to a director of the Manager
Sigma Audio Visual Services Sdn Bhd	A person connected to a director of the Manager

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group		Fund	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Significant related party transactions for the financial year:-				
Receivables				
1) Utilities charges				
- IGB Commercial REIT	715	-	715	-
- IGB Properties Sdn Bhd	288	378	288	378
- Mid Valley City Enterprise Sdn Bhd	182	810	182	810
- MVC Centrepont South Sdn Bhd	566	883	566	883
- MVC Centrepont North Sdn Bhd	400	875	400	875
- Mid Valley City Hotels Sdn Bhd	1,327	1,944	1,327	1,944
- Tanah Permata Sdn Bhd	344	594	344	594
- Mid Valley City Southpoint Sdn Bhd	27	131	27	131
- Mid Valley City South Tower Sdn Bhd	1,012	1,585	1,012	1,585
- Mid Valley City North Tower Sdn Bhd	831	1,309	831	1,309
- Mid Valley City Energy Sdn Bhd	421	575	421	575
- Mid Valley City Developments Sdn Bhd	38	75	38	75
- Strass Media Sdn Bhd	102	114	102	114
	6,253	9,273	6,253	9,273
2) Rental of premises				
- MVEC Exhibition and Event Services Sdn Bhd	2,346	3,812	2,346	3,812
- MVC CyberManager Sdn Bhd	60	60	60	60
- Fast Casual Hospitality Sdn Bhd	208	251	208	251
- CPI Spicy Gardens Sdn Bhd	148	186	148	186
	2,762	4,309	2,762	4,309
3) Rental of light box				
- Strass Media Sdn Bhd	408	701	408	701
4) Rental of car park				
- IGB Berhad	219	221	219	221
- Tanah Permata Sdn Bhd	22	177	22	177
	241	398	241	398
5) Interest charges to				
- IGB REIT Capital Sdn Bhd	-	-	514	689
- MVEC Exhibition and Event Services Sdn Bhd	76	3	76	3
	76	3	590	692

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group		Fund	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Significant related party transactions for the financial year:- (continued)				
Payables				
1) Utilities charges				
- Mid Valley City Energy Sdn Bhd	25,303	31,053	25,303	31,053
2) Manager's management fee				
- IGB REIT Management Sdn Bhd	29,155	31,425	29,155	31,425
3) Repair and maintenance				
- Ensignia Construction Sdn Bhd	-	784	-	784
- Sigma Audio Visual Services Sdn Bhd	52	-	52	-
- Syn Tai Hung Trading Sdn Bhd	53	16	53	16
- Wah Seong (Malaya) Trading Co. Sdn Bhd	18	73	18	73
	123	873	123	873
4) Support cost				
- IGB Digital Sdn Bhd	422	298	422	298
- IGB Berhad	99	122	99	122
	521	420	521	420
5) Interest charged by				
- IGB REIT Capital Sdn Bhd	-	-	53,060	52,945
Significant related party balances as at reporting date:-				
1) Deposits placed with				
- Mid Valley City Energy Sdn Bhd	7,421	7,421	7,421	7,421
2) Amount owing by				
- IGB REIT Capital Sdn Bhd	-	-	29,715	29,201
- MVEC Exhibition and Event Services Sdn Bhd	2,718	883	2,718	883
3) Amount owing to				
- IGB REIT Management Sdn Bhd	8,609	8,577	8,609	8,577
- IGB REIT Capital Sdn Bhd	-	-	1,214,705	1,214,300
- Mid Valley City Energy Sdn Bhd	2,344	2,397	2,344	2,397

UNITHOLDING STATISTICS

As at 14 February 2022

ISSUED UNITS

3,575,438,302 Units (voting right : 1 vote per Unit)

PUBLIC SPREAD

44.74%

DISTRIBUTION OF UNITHOLDINGS

Range of Unitholdings	No. of Unitholders	% of Unitholders	No. of Issued Units	% of Issued Units
Less than 100	1,868	6.74	51,587	0.00
100 – 1,000	9,752	35.17	5,185,900	0.15
1,001 – 10,000	12,034	43.41	50,519,024	1.41
10,001 – 100,000	3,431	12.37	104,118,250	2.91
100,001 to less than 5% of Issued Units	634	2.29	1,171,396,774	32.76
5% and above of Issued Units	5	0.02	2,224,166,767	62.77
Total	27,724	100.00	3,575,438,302	100.00

SUBSTANTIAL UNITHOLDERS (5% AND ABOVE)

Name	Direct		Deemed*	
	No. of Issued Units	% of Issued Units	No. of Issued Units	% of Issued Units
IGB Berhad	1,733,617,754	48.49	175,983,788	4.92
Dato' Seri Robert Tan Chung Meng	16,272,721	0.46	1,924,691,659	53.83
Pauline Tan Suat Ming	-	-	1,924,691,659	53.83
Tony Tan Choon Keat	1,000,000	0.03	1,924,691,659	53.83
Tan Chin Nam Sendirian Berhad	-	-	1,920,923,473	53.73
Tan Kim Yeow Sendirian Berhad	14,764,772	0.41	1,909,926,887	53.42
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	-	-	1,909,601,542	53.41
Employees Provident Fund Board	388,932,713	10.88	-	-
Kumpulan Wang Persiaran (Diperbadankan)	222,389,800	6.22	43,618,500	1.22

UNITHOLDINGS OF DIRECTORS AND CHIEF EXECUTIVE OFFICER OF THE MANAGER

Name	Direct		Deemed*	
	No. of Issued Units	% of Issued Units	No. of Issued Units	% of Issued Units
Dato' Seri Robert Tan Chung Meng	16,272,721	0.46	1,924,691,659	53.831
Tan Lei Cheng	1,953,742	0.06	-	-
Elizabeth Tan Hui Ning	3,994,000	0.11	-	-
Tan Boon Lee	1,705,025	0.05	-	-
Antony Patrick Barragry	151,300	-	-	-

* Deemed to have interests in Units held by other corporations by virtue of section 4 of the Capital Markets and Services Act 2007

UNITHOLDING STATISTICS

As at 14 February 2022
(continued)

30 LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name of Unitholder	No. of Issued Units	% of Issued Units
1	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for IGB Berhad (KLC)	920,000,000	25.73
2	IGB Berhad	453,617,754	12.69
3	IGB Berhad	360,000,000	10.07
4	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	288,669,213	8.07
5	Kumpulan Wang Persaraan (Diperbadankan)	221,879,800	6.20
6	IGB REIT Management Sdn Bhd	120,438,302	3.37
7	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for IGB REIT Management Sdn Bhd (KLC)	55,000,000	1.54
8	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	52,733,600	1.47
9	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	36,397,392	1.02
10	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Affin-HWG)	35,712,200	1.00
11	Pertubuhan Keselamatan Sosial	33,137,250	0.93
12	Amanahraya Trustees Berhad Public Smallcap Fund	33,134,616	0.93
13	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (NOMURA)	32,992,200	0.92
14	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (Life PAR)	29,067,600	0.81
15	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (NP-Other-REITs)	25,074,000	0.70
16	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	22,516,970	0.63
17	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	21,773,998	0.61
18	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AMUNDI)	21,180,000	0.59
19	Amanahraya Trustees Berhad Public Dividend Select Fund	20,723,232	0.58
20	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	18,572,200	0.52
21	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	18,555,533	0.52
22	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (ABERDEEN)	14,310,600	0.40
23	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	13,592,900	0.38
24	Robert Tan Chung Meng	13,539,395	0.38
25	Citigroup Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad – Kenanga Growth Fund	13,258,700	0.37
26	Tan Kim Yeow Sendirian Berhad	11,953,968	0.33
27	AmanahRaya Trustees Berhad Public Savings Fund	11,533,476	0.32
28	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (AP-REITs)	11,323,200	0.32
29	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	11,038,131	0.31
30	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LSF)	11,017,000	0.31

NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting (10th AGM) of IGB Real Estate Investment Trust (IGB REIT) will be held as a virtual meeting through live streaming and online remote voting from the Broadcast Venue at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Thursday, 28 April 2022 at 9.30 a.m.

Unitholders may participate in the 10th AGM virtually through an online platform provided by IGB REIT's unit registry Tricor Investor & Issuing House Services Sdn Bhd (TIIH) which can be accessed at <https://tiih.online>. Through the online platform, Unitholders will be able to view the AGM proceedings, ask questions and vote during the meeting. Further information on how to participate is set out in the Virtual AGM Guide.

BUSINESS OF THE MEETING

Ordinary Business

1. To receive the Financial Statements of IGB REIT (together with the reports of the Trustee, the Manager and the Auditor) for the year ended 31 December 2021 (Financial Statements and Reports FY2021).

Special Business

2. To consider and, if thought fit, to pass the following as ordinary resolution:

Proposed New and Renewal of Unitholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPT Mandate)

THAT authorisation of the Unitholders be and is hereby accorded to IGB REIT to enter into all arrangements and/or transactions with the related parties (Transacting Parties) as set out in Section 3.0 of the Circular to Unitholders dated 28 February 2022 (Circular), provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for IGB REIT's day-to-day operations;
- (iii) carried out in the ordinary course of business, at arm's length and on normal commercial terms not more favourable to the Transacting Parties than those generally available to the public; and
- (iv) not detrimental to the minority Unitholders

THAT the RRPT Mandate, unless revoked or varied by IGB REIT in general meeting, shall continue for the period ending on the date of the AGM to be held in 2023;

AND THAT the Directors of the Manager be and are hereby authorised to do all such acts, matters, deeds and things as they may consider expedient or necessary in the best interest of IGB REIT to give effect to the RRPT Mandate and/or this resolution.

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

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

Kuala Lumpur
 28 February 2022

Explanatory notes of each item on the agenda:

- (1) **Financial Statements and Reports FY2021**
 The Board of the Manager has approved the Financial Statements and Reports FY2021. This document has therefore been adopted. A resolution pertaining to this particular item on the Agenda is not required.
- (2) **RRPT Mandate**
 Unitholders should note that by approving the ordinary resolution relating to the RRPT Mandate, Unitholders will be authorising IGB REIT Group to enter into RRPT with the Transacting Parties during the Mandate Period, the details of which are set out in the Circular.
- (3) **Voting Procedures**
 The ordinary resolution relating to the RRPT Mandate will be taken by poll. For this resolution to be passed more than 50% of the votes cast must be in favour. The poll results will be announced through the BursaLINK and will be posted on IGB REIT's website www.igbreit.com as soon as possible following the 10th AGM.
- (4) **Abstention from Voting**
 Dato' Seri Robert Tan Chung Meng, Elizabeth Tan Hui Ning, Tan Mei Sian, Tan Boon Lee and Tan Lei Cheng and persons connected to them will abstain from voting on the ordinary resolution in relation to the RRPT Mandate. They had abstained from all Board deliberations and voting on this resolution.

NOTICE OF TENTH ANNUAL GENERAL MEETING

(continued)

Notes:

1. A Unitholder entitled to participate and vote at the 10th AGM may appoint 1 or 2 persons as proxies and vote on his/her behalf. A proxy need not be a Unitholder of IGB REIT.
2. A Unitholder, who is an authorised nominee, may appoint not more than 2 persons as proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple persons as proxies in respect of each securities account held.
3. Proxy Form in the case of an individual shall be signed by the appointor or his/her attorney, and in the case of corporation, either under its common seal or the hand of an officer or attorney duly authorised.
4. Where a Unitholder appoints 2 proxies, the appointment shall be invalid unless the proportion of the unitholdings to be represented by each proxy is specified.
5. Unitholders at the close of business on 21 April 2022 may participate and vote at the 10th AGM by logging online to TIH website at <https://tiah.online> and complete the online form. It is important that Unitholders read the Virtual AGM Guide.
6. Proxy Form or any power of attorney under which it is signed or certified or office copy of such power or authority, may be sent via email to: corporate-enquiry@igbreit.com or deposited at/posted to the Registered Office of the Manager or submitted electronically via TIH website at <https://tiah.online> to arrive not later than 9.30 a.m. on Wednesday, 27 April 2022. Any Proxy Form received after that time will not be valid for the scheduled 10th AGM. All valid proxy votes, whether submitted electronically or in printed form, will be included in the poll to be taken at the 10th AGM.
7. Unitholders may call TIH at 603-2783 9299 or email to is.enquiry@my.tricorglobal.com if they have questions or require assistance on e-Proxy submission and the Virtual AGM Guide process to pre-register, participate and vote at the 10th AGM of IGB REIT, or encounter any log-in difficulties.
8. Annual Report 2021 and Circular may be viewed and downloaded online at www.igbreit.com.

VIRTUAL AGM GUIDE

Date	: Thursday, 28 April 2022
Time	: 9.30 a.m.
Broadcast Venue	: Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
Remote Participation and Voting (RPV) Facility	: TIIH website at https://tiih.online

(1) Virtual AGM

Given that Malaysia and other countries in the world have yet to transition from a pandemic to an endemic due to the emergence of new variants to the SARS-CoV-2 virus, the Board has decided to conduct the 10th AGM as a virtual event without the physical attendance of the Unitholders or their proxies. This measure is intended in particular to avoid health risks for Unitholders, employees, external service providers as well as Board members. The AGM will be held in the physical presence of the Chair of the AGM and members of the Board (with the inclusion, as required, of the Chief Executive Officer and the Chief Financial Officer to attend to questions posed by Unitholders.

Attendance and participation by Unitholders and proxies at the 10th AGM of IGB REIT shall be solely by way of the RPV Facility by logging to TIIH's website at <https://tiih.online>. Unitholders can participate online using smartphone, tablet or computer. By participating online, Unitholders will be able to view a live webcast of the 10th AGM, ask questions/clarifications on the relevant agenda items as well as information on IGB REIT's operations via a query box and submit votes in real time. Unitholders also have the option of submitting questions to the Board prior to the 10th AGM to investorrelations@igbreit.com by Friday, 22 April 2022 at the latest. The Board will answer the questions (related to the business of the 10th AGM) at its dutiful and free discretion in the 10th AGM. Unitholders are advised to afford themselves ample time to complete the log-in process in advance of the commencement of the 10th AGM.

The Board of the Manager look forward to Unitholders virtual attendance and the opportunity to engage with Unitholders at the 10th AGM of IGB REIT.

(2) RPV

As the holding of the 10th AGM in the form of a virtual event, Unitholders to pay special attention to the RPV Facility procedures as summarised below:

	Procedure	Action Required
BEFORE IGB REIT 10th AGM		
(a)	Sign up as a user of TIIH Online (for first time registration only)	<ul style="list-style-type: none"> Access website at https://tiih.online. Sign up as a user under the "e-Services" (refer to the tutorial guide posted on the homepage). Your registration as user will be approved within 1 (one) working day and you will be notified via e-mail on the approval/rejection of your user registration.
(b)	Submit your request to attend 10 th AGM	<ul style="list-style-type: none"> Registration is open from 9.30 a.m. on Monday, 28 February 2022 until the day of AGM Thursday, 28 April 2022 Login with your user ID and password and select the corporate event: "(REGISTRATION) IGB REAL ESTATE INVESTMENT TRUST 10th AGM". Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. System will send an e-mail notifying your registration for remote participation is received and to be verified. After verification of your registration against the Record of Depositors as at 21 April 2022, the system will send you an e-mail, approving or rejecting your registration for remote participation.
IGB REIT 10th AGM DAY		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 10th AGM from 9.10 a.m. i.e., 20 minutes before the commencement of 10th AGM at 9.30 a.m. on Thursday, 28 April 2022.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: "(LIVE STREAMING MEETING) IGB REAL ESTATE INVESTMENT TRUST 10th AGM" to engage in the 10th AGM proceedings remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions (related to the business of the 10th AGM) submitted by remote participants during the AGM, as timing and circumstances permit. Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

VIRTUAL AGM GUIDE

(continued)

	Procedure	Action Required
IGB REIT 10th AGM DAY		
(e)	Online Remote Voting	<ul style="list-style-type: none"> Select the corporate event: “(REMOTE VOTING) IGB REAL ESTATE INVESTMENT TRUST 10th AGM”. Read and agree to the Terms and Conditions and confirm the Declaration. Voting session commences from 9.30 a.m. on Thursday, 28 April 2022 until a time when the Chairman announces the completion of the voting session of the 10th AGM. Select the CDS account that represents your unitholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of RPV	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of 10th AGM, the Live Streaming will end.

Note:

Please call Tricor's Help Lines at 011-40805616/ 011-40803168/ 011-40803169/ 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance if you encounter problems with the RPV.

(3) Electronic Submission of Proxy Form (e-Proxy)

The procedures for submission of e-Proxy are summarised below:

	Procedure	Action
1. Individual Unitholders		
(a)	Sign up as User with TIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIH Online, you are not required to register.
(b)	Proceed with submission of e-Proxy	<ul style="list-style-type: none"> Login with your user name (i.e., email address) and password. Select the corporate event: “IGB REAL ESTATE INVESTMENT TRUST - Submission of Proxy Form”. Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of units for your proxy(s) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy(s). Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy(s) appointment. Print e-Proxy for your record.
2. Corporation or Institutional Unitholders		
(a)	Sign up as User with TIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>Note: The representative of a corporation or institutional shareholder must register as a user first in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</i></p>
(b)	Proceed with submission of e-Proxy	<ul style="list-style-type: none"> Login with your user name (i.e., email address) and password. Select the corporate exercise name: “IGB REAL ESTATE INVESTMENT TRUST - Submission of Proxy Form”. Read and agree to the Terms & Conditions and confirm the Declaration. Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Submit the proxy appointment file. Proceed to upload the duly completed proxy appointment file. Select “Submit” to complete your submission. Print the confirmation report of your submission for your record

(4) Enquiry

Should you need assistance to access the RPV Facility and e-Proxy submission, please contact the following persons at TIH:

- (a) Puan Ros Sakila : +603 2783 9277 (Sakila@my.tricorglobal.com)
 (b) Encik Mohammad Amirul : +603 2783 9263 (Mohammad.Amirul@my.tricorglobal.com)

PROXY FORM

CDS Account No.	
No. of Units Held	

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

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

being a Unitholder of IGB REIT hereby appoint:

Name, NRIC 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 10th 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 10th AGM of IGB REIT to be held on Thursday, 28 April 2022 at 9.30 a.m.

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

* Crossing either a "For" or "Against" in the appropriate box or boxes. If you do not mark any of the boxes on the item of business, your proxy may vote as he or she chooses.

Dated this _____ day of _____ 2022

Signature/Common Seal of Unitholder

Notes:

1. A Unitholder entitled to participate and vote at the 10th AGM may appoint 1 or 2 persons as proxies and vote on his/her behalf. A proxy need not be a Unitholder of IGB REIT.
2. A Unitholder, who is an authorised nominee, may appoint not more than 2 persons as proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple persons as proxies in respect of each securities account held.
3. Proxy Form in the case of an individual shall be signed by the appointor or his/her attorney, and in the case of corporation, either under its common seal or the hand of an officer or attorney duly authorised.
4. Where a Unitholder appoints 2 proxies, the appointment shall be invalid unless the proportion of the unitholdings to be represented by each proxy is specified.
5. Unitholders at the close of business on 21 April 2022 may participate and vote at the 10th AGM by logging online to TIH website at <https://tiih.online> and complete the online form. It is important that Unitholders read the Virtual AGM Guide.
6. Proxy Form or any power of attorney under which it is signed or certified or office copy of such power or authority, may be sent via email to corporate-enquiry@igbreit.com or deposited at/posted to the Registered Office of the Manager or submitted electronically via TIH website at <https://tiih.online> to arrive not later than 9.30 a.m. on Wednesday, 27 April 2022. Any Proxy Form received after that time will not be valid for the scheduled 10th AGM. All valid proxy votes, whether submitted electronically or in printed form, will be included in the poll to be taken at the 10th AGM.
7. Unitholders may call TIH at 603-2783 9299 or email to is.enquiry@my.tricorglobal.com if they have questions or require assistance on e-Proxy submission and the Virtual AGM Guide process to pre-register, participate and vote at the 10th AGM of IGB REIT, or encounter any log-in difficulties.
8. Annual Report 2021 and Circular to Unitholders may be viewed and downloaded online at www.igbreit.com.

Fold this flap for sealing

Fold along this line (2)

PROXY FORM

Affix
RM0.80
stamp

Head of Compliance/Company Secretary
IGB REIT Management Sdn Bhd 201201006785 (908168-A)
(Manager of IGB REIT)
Level 32, The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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IGB REIT MANAGEMENT SDN BHD

201201006785 (908168-A)

(Manager of IGB REIT)

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