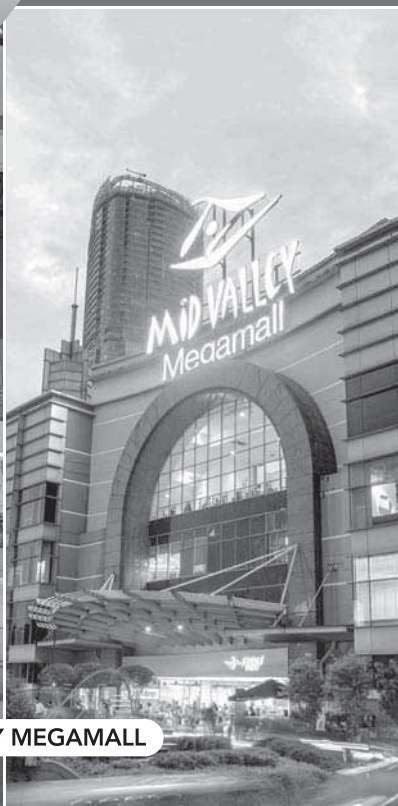


# ANNUAL REPORT | 2020



MID VALLEY MEGAMALL



THE GARDENS MALL



**IGBREIT**

IGB REAL ESTATE INVESTMENT TRUST



## TABLE OF CONTENTS

<b>CORPORATE DIRECTORY</b>	<b>2</b>
<b>OVERVIEW</b>	
▪ REIT Structure	3
▪ REIT Information	4
▪ REIT Portfolio	5
▪ Organisation Structure	6
<b>YEAR IN REVIEW</b>	
▪ Financial Highlights	7 - 8
▪ Management Discussion and Analysis	9 - 16
<b>BOARD OF DIRECTORS AND EXECUTIVE TEAM</b>	
▪ Profile of Directors	17 - 20
▪ Profile of Executive Team	21 - 23
<b>CORPORATE GOVERNANCE AND SUSTAINABILITY STATEMENTS</b>	
▪ Corporate Governance Overview Statement	24 - 38
▪ Audit Committee Report	39 - 42
▪ Statement on Risk Management and Internal Control	43 - 44
▪ Sustainability Statement	45 - 54
<b>FINANCIAL STATEMENTS</b>	55 - 106
<b>OTHER INFORMATION</b>	
▪ Unitholders' Statistics	107 - 108
▪ Notice of Ninth Annual General Meeting	109 - 110
▪ Virtual AGM Guide	111 - 112
▪ Proxy Form	

# CORPORATE DIRECTORY

## MANAGER

IGB REIT Management Sdn Bhd 201201006785 (908168-A)  
 Capital Market 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 and Independent Non-Executive Director*

**Dato' Seri Robert Tan Chung Meng**  
*Managing Director and 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**

## TRUSTEE

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

## PROPERTY MANAGER

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

## AUDITOR

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

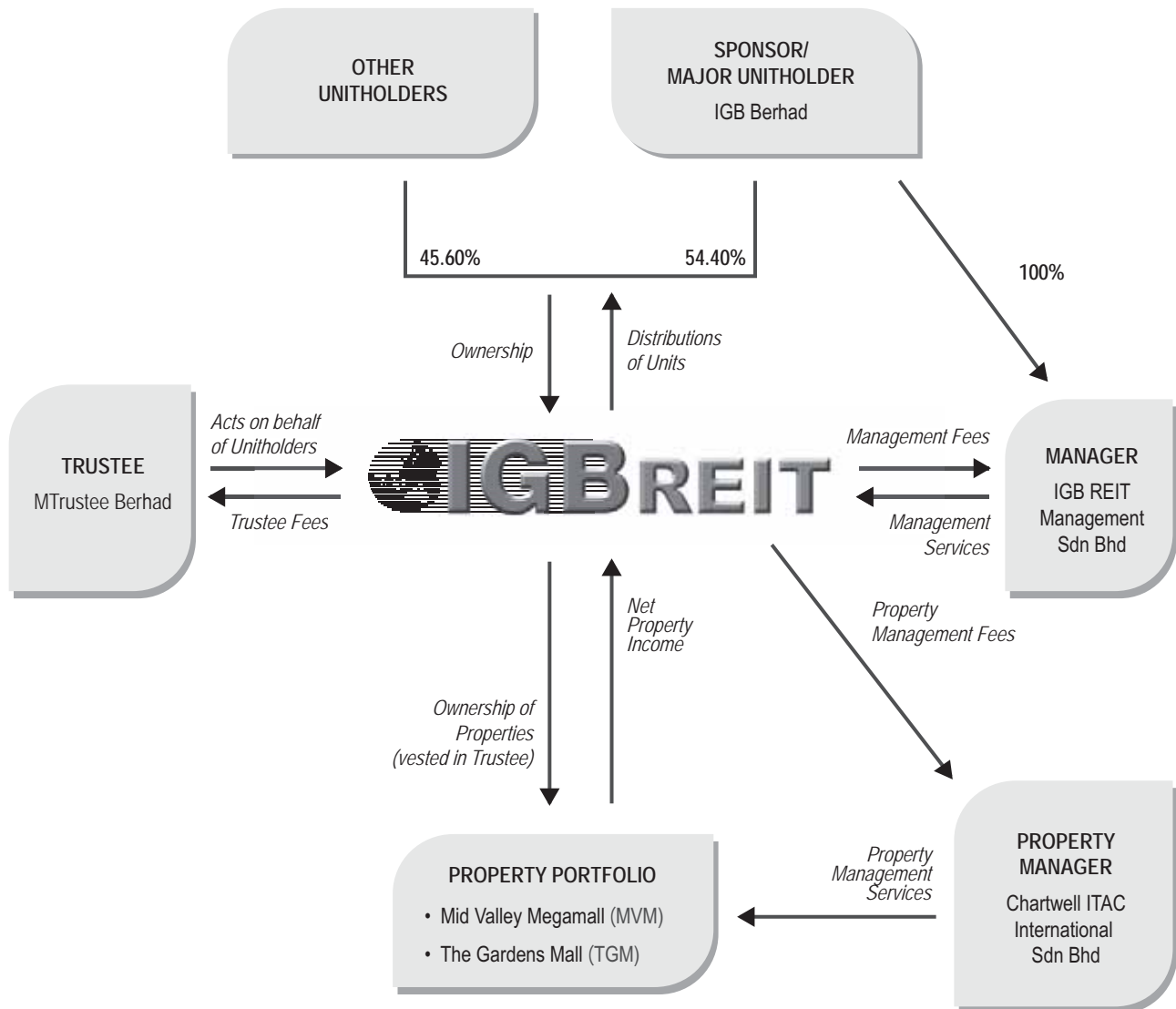
## REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd 197101000970 (11324-H)  
 Unit 32-01, Level 32, Tower A  
 Vertical Business Suite  
 Avenue 3, Bangsar South  
 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



## 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"> <li>the occurrence of any of events listed in Clause 27.2 of the Deed of Trust dated 18 July 2012, as amended by the First Amending and Restating Deed dated 25 October 2018 (Deed);</li> <li>the date 999 years after 25 July 2012 (the date of establishment of IGB REIT); or</li> <li>the date on which IGB REIT is terminated by the Manager under Clause 27.1(b) of the Deed</li> </ul>
Investment Policy	To invest, directly and indirectly, in a diversified portfolio of income producing real estate used primarily for retail purposes
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
Investments Limits	<p>The investments of IGB REIT are subject to the following investments limits imposed by REIT Guidelines:</p> <ul style="list-style-type: none"> <li>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;</li> <li>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</li> <li>such other investment or limits as may be permitted by the SC or the REIT Guidelines</li> </ul>
Distribution Policy	<ul style="list-style-type: none"> <li>At least 90% of IGB REIT's distributable income</li> <li>Quarterly distribution (or such other intervals as the Manager may determine at its absolute discretion)</li> </ul>
Borrowing Limitations and Gearing Policy	Up to 50.0% of IGB REIT's TAV
Revaluation Policy	Annually by an independent 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). The Manager is entitled under the Deed to the following fees:</p> <ul style="list-style-type: none"> <li>Base Fee: up to 1.0% per annum of IGB REIT's TAV (excluding cash and bank balances which are held in non-interest bearing accounts). [FY2020: RM15,591,000]</li> <li>Performance Fee: 5.0% per annum of IGB REIT's net property income. [FY2020: RM15,834,000]</li> <li>Acquisition Fee: 1.0% of the transaction value</li> <li>Divestment Fee: 0.5% of the transaction value</li> </ul>
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



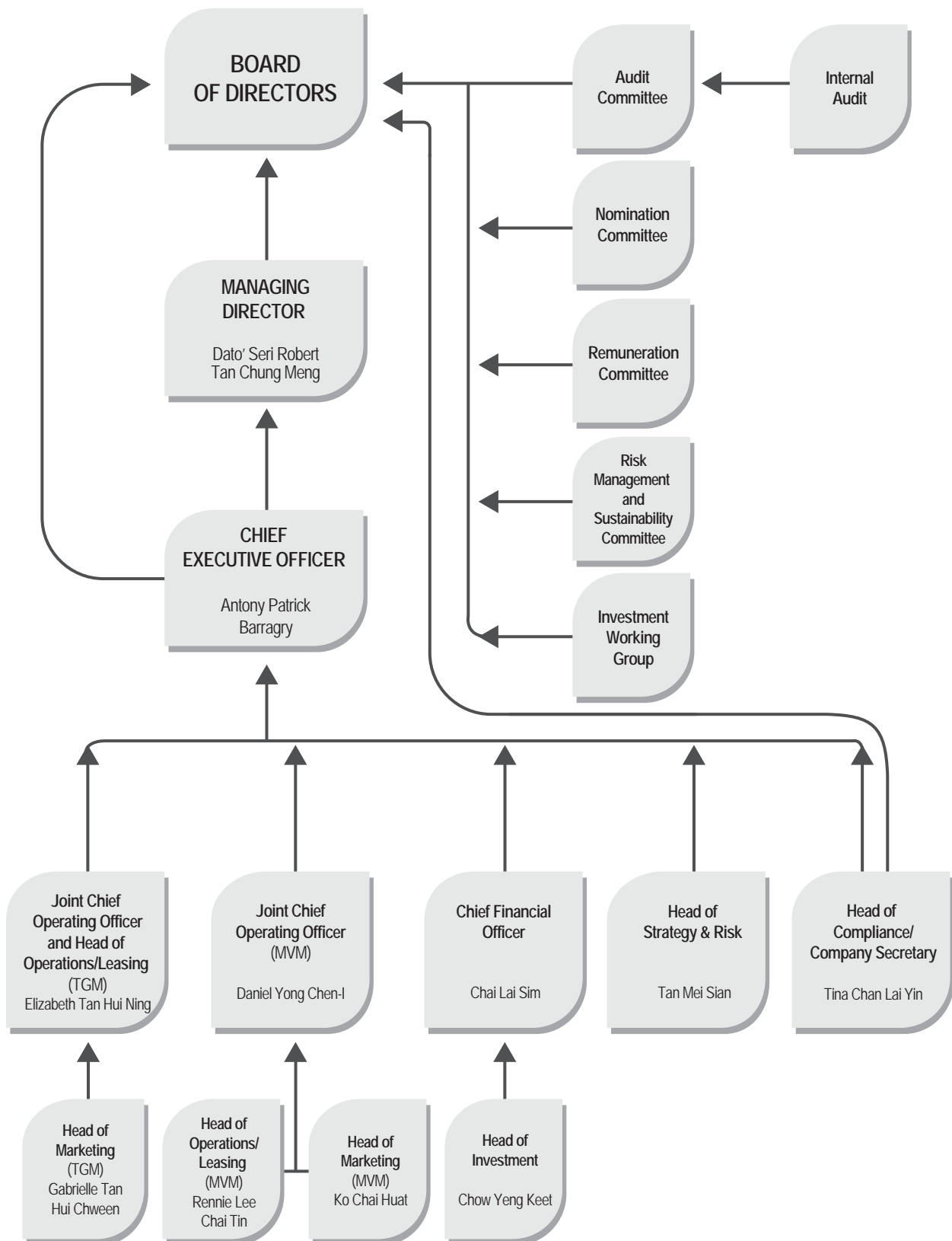
## REIT PORTFOLIO

Properties	MVM	TGM
Land area of master title (sq ft)	1,047,532	421,773
Tenure	Leasehold for 99 years expiring on 6 June 2103	
Master title particulars	PN 37075, Lot 80 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 <sup>#</sup>
Encumbrances/material limitations in master title	<ul style="list-style-type: none"> <li>Trust caveat lodged by the Trustee on behalf of IGB REIT vide Presentation No. 15448/2012 dated 14 September 2012</li> <li>Trust caveat lodged by the Trustee on behalf of IGB REIT vide Presentation No. 16050/2012 dated 26 September 2012</li> <li>Private caveat lodged by the Trustee on behalf of IGB REIT vide Presentation No. 4252/2020 dated 2 June 2020</li> </ul>	<ul style="list-style-type: none"> <li>Trust caveat lodged by the Trustee on behalf of IGB REIT vide Presentation No. 14472/2012 dated 30 August 2012</li> <li>Trust caveat lodged by the Trustee on behalf of IGB REIT vide Presentation No. 16049/2012 dated 26 September 2012</li> </ul>
Restrictions in interest in master title	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 only (Tanah ini hendaklah hanya untuk bangunan perdagangan 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 2020 (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 2020 (sq ft)	1,846,738	839,396
Gross Floor Area as at 31 December 2020 (sq ft)	6,107,052	3,540,767
Number of tenancies as at 31 December 2020	558	231
Occupancy rate as at 31 December 2020 (%)	99.7	91.8
Number of car park bays as at 31 December 2020	5,992	3,997

<sup>#</sup> 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 7 July 2021.

## ORGANISATION STRUCTURE



## FINANCIAL HIGHLIGHTS

Statement of comprehensive income	Group				Fund
	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Gross revenue (RM'000)	465,239	552,132	535,689	524,918	507,344
Net property income ("NPI") (RM'000)	316,678	398,786	386,250	373,563	361,109
Distributable income (RM'000)	259,837	341,854	341,430	342,801	316,306
Earnings per Unit ("EPU") (realised) (sen)	6.65	8.91	8.60	8.64	7.96
Core EPU (sen)	6.65	8.91	9.45	9.78	7.96
Distribution per Unit (sen)	6.75	9.16	9.19	9.28	8.71
Annualised distribution yield (%)	3.92	4.84	5.31	5.16	5.41
Management expense ratio (%)	0.86	0.98	0.96	0.94	0.93

Gross revenue	Group				Fund
	FYE 2020 RM'000	FYE 2019 RM'000	FYE 2018 RM'000	FYE 2017 RM'000	FYE 2016 RM'000
MVM	322,554	386,850	375,048	366,447	354,677
TGM	142,685	165,282	160,641	158,471	152,667
<b>Total</b>	<b>465,239</b>	<b>552,132</b>	<b>535,689</b>	<b>524,918</b>	<b>507,344</b>

NPI	Group				Fund
	FYE 2020 RM'000	FYE 2019 RM'000	FYE 2018 RM'000	FYE 2017 RM'000	FYE 2016 RM'000
MVM	231,595	294,941	286,357	277,875	266,263
TGM	85,083	103,845	99,893	95,688	94,846
<b>Total</b>	<b>316,678</b>	<b>398,786</b>	<b>386,250</b>	<b>373,563</b>	<b>361,109</b>

Statement of financial position	Group				Fund
	As at 31.12.2020	As at 31.12.2019	As at 31.12.2018	As at 31.12.2017	As at 31.12.2016
Investment properties (RM'000)	4,960,000	4,960,000	4,960,000	4,930,000	4,890,000
Total asset value (RM'000)	5,220,926	5,220,951	5,202,966	5,250,728	5,194,257
Total liabilities (RM'000)	1,420,157	1,436,988	1,436,275	1,527,429	1,522,274
Net asset value ("NAV") (RM'000)	3,800,769	3,783,963	3,766,691	3,723,299	3,671,983
NAV per Unit (RM)	1.0675	1.0663	1.0656	1.0597	1.0511

### Notes:-

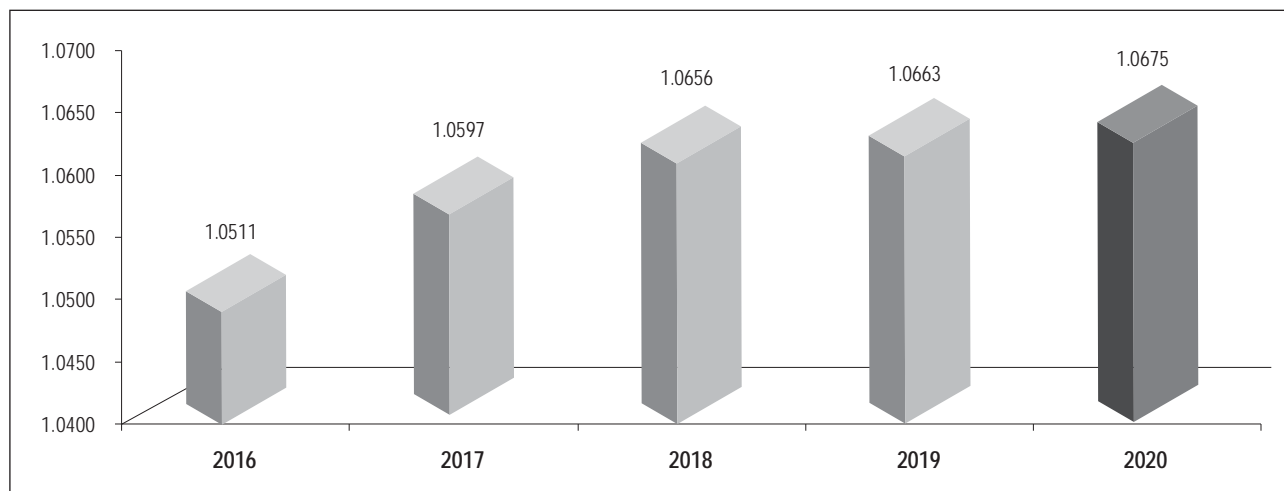
1. FYE: Financial year ended 31 December.
2. The Group results include a subsidiary which was incorporated in 2017.



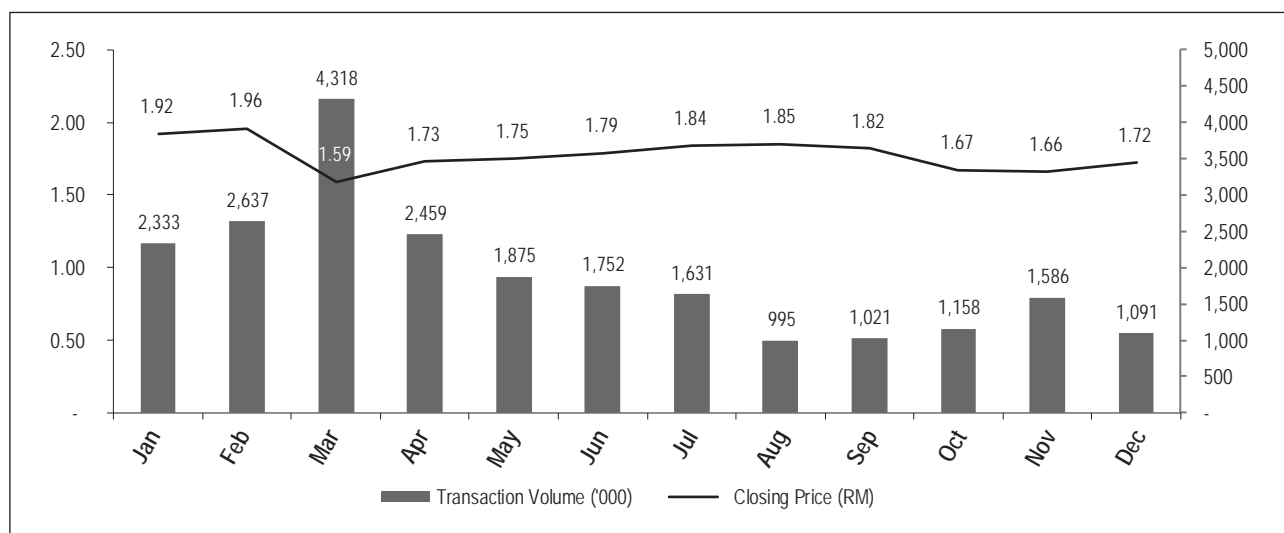
# FINANCIAL HIGHLIGHTS

(continued)

## NAV PER UNIT PERFORMANCE FOR IGB REIT (RM)



## UNIT PRICE PERFORMANCE FOR IGB REIT 2020



Trading performance for IGB REIT	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Closing price as at 31 December (RM)	1.72	1.89	1.73	1.80	1.61
Highest traded price (RM)	2.00	2.10	1.80	1.80	1.74
Lowest traded price (RM)	1.53	1.72	1.46	1.55	1.31
Issued units ('000)	3,560,560	3,548,828	3,534,810	3,513,452	3,493,474
Market capitalisation as at 31 December (RM'000)	6,124,163	6,707,285	6,115,221	6,324,214	5,624,493

# MANAGEMENT DISCUSSION AND ANALYSIS

Dear Unitholders

As we continue to face an unprecedented pandemic that has impacted both lives and businesses across the world, IGB Real Estate Investment Trust (IGB REIT) has remained resilient. This is testament to our ability as an organisation to react pro-actively to protect our people, our business and our stakeholders.

While our performance will be affected in the short term, our unitholders can rest assured that the strong fundamentals of IGB REIT coupled with the resolve of our management and staff to embrace the "New Normal" will enable us to emerge from this crisis stronger than ever.

On this note, IGB REIT is pleased to present this Management Discussion and Analysis (MD&A) that covers the period from 1 January 2020 to 31 December 2020. This MD&A offers our valued unitholders insights into the strategic initiatives carried out 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 has been listed on the Main Market of Bursa Malaysia Securities Berhad since 21 September 2012. Based in Malaysia, IGB REIT's investment objective is to invest, both directly and indirectly, in a portfolio of income producing real estate used primarily for retail purposes.

Today, IGB REIT's portfolio comprises two of Malaysia's globally recognised malls located in the Klang Valley, namely Mid Valley Megamall (MVM) and The Gardens Mall (TGM). This portfolio has a combined net lettable area (NLA) of approximately 2.68 million square feet (sf) with a market capitalisation of RM6.12 billion as at 31 December 2020.

## 2020 Highlights

Gross Revenue <b>RM465.2 million</b> RM552.1 million in 2019	Net Property Income (NPI) <b>RM316.7 million</b> RM398.8 million in 2019	Net Lettable Area (NLA) <b>2.68 million sf</b> RM2.67 million sf in 2019
Occupancy Rate <b>MVM (99.7%) TGM (91.8%)</b> MVM (99.9%) TGM (98.9%) in 2019	Distribution Per Unit (DPU) <b>6.75 sen</b> 9.16 sen in 2019	Distribution Yield <b>3.92%</b> 4.84% in 2019
Property Valuation <b>RM4.96 billion</b> RM4.96 billion in 2019	Net Asset Value (NAV) per Unit <b>RM1.0675</b> RM1.0663 in 2019	Market Capitalisation <b>RM6.12 billion</b> RM6.71 billion in 2019

## Operating Landscape – Adapting to Business Unusual

In 2020, the COVID-19 global pandemic dominated governments, businesses, organisations and daily lives across the world. Lives were not only under threat to this potentially deadly disease but lifestyles have also been significantly altered as elements like movement control, social distancing and standard operating procedures (SOPs) hit home.

The disruptions caused by COVID-19 have severely hampered the global economy. According to the U.N. Department of Economic and Social Affairs, the global economy contracted by 4.3% in 2020<sup>1</sup>.

Closer to home, the Department of Statistics Malaysia (DOSM) reported that the country's Gross Domestic Product (GDP) decreased by 5.6% in 2020, the biggest contraction since the 1998 Asian Financial Crisis.<sup>2</sup>

<sup>1</sup> <https://www.channelnewsasia.com/news/business/world-economy-expected-to-barely-regain-2020-losses-in-2021---un-report-14041394>

<sup>2</sup> <https://www.straitstimes.com/business/economy/malaysias-economy-shrinks-faster-than-expected-in-q4-on-tighter-covid-19-curbs>

# MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

The Malaysian retail industry is one of the sectors that has been hit the hardest by the COVID-19 crisis. Retail Group Malaysia's (RGM) *Malaysian Retail Industry Report (November 2020)* stated that the overall retail industry in Malaysia shrank by 18.4% in the first nine months of 2020 compared to the same period a year ago.

RGM further reported that the department store cum supermarket sub-sector recorded a contraction of 17.7% in the 3rd quarter of 2020, the worst performing retail sub-sector for the period. In addition, the fashion and fashion accessories sub-sector also slowed down by 12.5%.<sup>3</sup>

The health of the retail industry correlates with the performance of IGB REIT given its portfolio of shopping malls. Most retail tenants in MVM and TGM had to close during the Movement Control Order (MCO) period. Furthermore, as Malaysians were encouraged to work-from-home, socially distance themselves, shop online as well as to stay home as much as possible, our tenants witnessed a significant decline in transactions.

Robinsons, an anchor tenant in TGM, had announced the closure of all its stores in Malaysia and Singapore in October 2020 due to the pandemic. Esprit has also terminated their tenancy in the financial year under review. As the crisis rages on, many retailers are expected to face similar difficulties.

Under these circumstances, the IGB REIT team had to quickly adapt to the situation so as to protect our revenue stream and ensure that our malls and retail tenants are able to emerge from this crisis able and ready to resume business as usual.

## Review of Performance

### a) Group Financial Highlights

Group Key Financial Highlights	FY2020 RM'000	FY2019 RM'000	Change (%)
Gross Revenue	465,239	552,132	-15.74%
• MVM	322,554	386,850	-16.62%
• TGM	142,685	165,282	-13.67%
Net Property Income	316,678	398,786	-20.59%
• MVM	231,595	294,941	-21.48%
• TGM	85,083	103,845	-18.07%
Net Profit	236,793	315,860	-25.03%
DPU (sen)	6.75	9.16	-26.31%

For the financial year ended 31 December 2020 (FY2020), the Group posted a gross revenue of RM465.2 million and a net property income of RM316.7 million for the year, which were respectively 15.74% and 20.59% lower than that recorded in the financial year ended 31 December 2019 (FY2019).

Net profit was RM236.8 million for the year, representing 25.03% decrease, compared with net profit in FY2019. This was mainly due to the rental support provided to tenants because of COVID-19 pandemic and resultant MCOs in FY2020.

### b) Statement of Financial Position

Group Statement of Financial Position	As at 31.12.2020	As at 31.12.2019	Change (%)
Investment Properties (RM'000)	4,960,000	4,960,000	-
• MVM	3,665,000	3,665,000	-
• TGM	1,295,000	1,295,000	-
Total Asset Value (RM'000)	5,220,926	5,220,951	-0.0005
Cash and bank balances (RM'000)	221,880	225,509	-1.61
Total Liabilities (RM'000)	1,420,157	1,436,988	-1.17
NAV (RM'000)	3,800,769	3,783,963	0.44
NAV per Unit (RM)	1.0675	1.0663	0.11
No. of Issued Units ('000)	3,560,560	3,548,828	0.33

Investment properties are stated at fair value based on valuations performed by independent registered valuer, Henry Butcher Malaysia Sdn Bhd. Based on the valuation reports dated 7 January 2021, the market values of MVM and TGM as at 31 December 2020 were RM3.665 billion and RM1.295 billion respectively.

<sup>3</sup> <https://www.theedgemarkets.com/article/still-no-light-end-retail-tunnel>

# MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Cash and bank balances as at 31 December 2020 was RM221.9 million, compared with RM225.5 million as at 31 December 2019.

NAV after income distribution as at 31 December 2020 was RM3.801 billion, compared with RM3.784 billion the year before, reflecting a growth of 0.44%.

IGB REIT's issued units increased from 3,548.828 million as at 31 December 2019 to 3,560.560 million as at 31 December 2020, as a result of the issuance of new units as part payment for Manager fees.

## c) Income Distribution

	FY2020 (RM' million)	FY2019 (RM' million)
Income distribution	240.6	324.7
1 <sup>st</sup> quarter	69.1	85.0
2 <sup>nd</sup> quarter	22.3	80.1
3 <sup>rd</sup> quarter	74.9	82.0
4 <sup>th</sup> quarter	74.3	77.6
Average Payout ratio (%)	92.5	95.0

For the first quarter ended 31 March 2020, a distribution amounting to RM69.1 million or 1.94 sen per unit (@ 1.90 sen taxable and 0.04 sen non-taxable) was paid on 29 May 2020.

For the second quarter ended 30 June 2020, a distribution amounting to RM22.3 million or 0.62 sen per unit (@ 0.59 sen taxable and 0.03 sen non-taxable) was paid on 28 August 2020.

For the third quarter ended 30 September 2020, a distribution amounting to RM74.9 million or 2.11 sen per unit (@ 2.09 sen taxable and 0.02 sen non-taxable) was paid on 27 November 2020.

For the fourth quarter ended 31 December 2020, a distribution amounting to RM74.3 million or 2.08 sen per Unit (@ 2.06 sen taxable and 0.02 sen non-taxable), will be paid on 26 February 2021.

Distribution for FY2020 amounted to 6.75 sen per unit.

At least 90% of IGB REIT's distributable income will be paid quarterly for FY2021 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 – Protecting People, Business and Future

IGB REIT has and will continue to face the challenges brought about by the COVID-19 pandemic with poise, confidence and pro-activeness. Our focus in 2020 was to safeguard our employees, tenants and shoppers from a health and well-being perspective. We have also placed importance in ensuring our business is protected through prudent fiscal management while safeguarding our income flow. At the same time, we continue to invest in asset enhancement initiatives while ensuring that our tenant mix is fresh and appealing so that we can hit the ground running once the crisis is over.

### *Prioritising Health, Well-being and Security*

MVM and TGM are high traffic locations. As the COVID-19 crisis unfolded in early 2020, the team at IGB REIT immediately placed the safety of shoppers, employees and tenants at the top of its priorities.

SOPs in relation to social distancing, check-ins for contact tracing and designated queue markers were quickly put into place throughout our malls. We have also invested in thermal scanners that are strategically placed at key entry points. Mall-wide disinfection process are carried out on a frequent basis. In addition, our team also worked closely with the Ministry of Health to review and improve our SOPs where necessary.

For employees, the organisation has strictly adhered to the regulations stipulated by the authorities. Staff have been split into separate teams and do not overlap, and each team is further split into smaller teams to reduce the spread of a possible infection. All staff are also tested regularly while work areas are disinfected frequently.

# MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

## Protecting Business, Managing Cost

Our retail tenants have been pressured financially during this period as customer traffic has slowed down tremendously.

In view of this, we offered targeted rental support to eligible tenants during the first MCO period on a case-by-case basis. This support was critical in helping alleviate cash flow problems and sustain business operations for our retailers.

We also focused in managing cost during this difficult period. We monitored and reviewed our operational value chain to see where we can extract savings. Nevertheless, we are also mindful towards ensuring that we do not compromise on customer comfort or experience and the security, health and safety aspects of our operations.

## Future Proofing Our Assets

We remain steadfast in our commitment to curate an experience for our customers that is always fresh, dynamic and engaging. In 2020, we were successful in bringing in new and novel brands to fortify our tenant mix.

We have also invested in asset enhancement initiatives in both MVM and TGM throughout the year. Our aim is to maintain the level of excellence in shopper experience, convenience and security that our malls are renowned for.

Given the disruptions brought about by the new normal, we are increasingly engaging our shoppers and stakeholders online so as to maintain a close relationship and build brand loyalty.

## New Brands in 2020

MVM	
Parcel Hub & Trapo	OUTPOZT
Ban Heang	Sek Tong by 深夜食糖
Fire Tiger by Seoulcial Club	Kashkha
Herbal Farmer	Mala Mala
Lucky Gems	TIT TAR MAN Bone Setting Specialist 跌打
Sushi Jiro	Jenn Ortho
Sunrider	Seen
Zao Shen Grocery	Shizens LUXE
Rollney	OSIM
Shiseido Ginza Tokyo	Ah Her Bak Kut Teh
Burger King	ITSU 御手の物
Tudor	Only Korea
Natura	
Quiksilver & Roxy	
HLA	
SK Jewellery	
Dockers	
adidas Kids	
ANTA	
NERDUNIT	
Stoned & Co.	
HYPE	
Sushi Zanmai	
Ai Home	
dipndip	
Xiao Long Kan Fondue Seafood	
Soda	
IQOS Authorised Care Centre by VH	
Clarks	
Koomi	
	TGM
	KyoChon 1991
	Jadeline Exchange
	Bananabro
	Bosch
	Hodoya
	Yong Sheng Gift Shop
	Pop In by Isetan
	August Store
	Furla
	Puras
	Kyo Skin
	Zeiss Vision Centre
	La Maison du Savon de Marseille
	Running Lab
	Boost Juice Bars
	Beauty & Co Platinum Club
	B & Co. Clinic

## Moving Forward

As we progress further into 2021, we expect the operating landscape to remain challenging. The COVID-19 crisis continues to rage on with a second round of MCO put into place on 13 January 2021. This latest MCO, which initially involved six states, eventually affected all states in Malaysia with the exception of Sarawak. On 16 February 2021 the MCO was extended until 4 March in four states which includes Kuala Lumpur where we operate.

The retail sector is again challenged with rising cost of doing business, lower sales and weaker cashflow. Retailers who try to pivot to e-commerce or online platforms were at most mitigating revenue loss.

# MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

The two stimulus packages announced by the Malaysian Government including PRIHATIN and PERMAI will play a critical role in reinvigorating the economy and assisting those who are most affected by the pandemic. Getting the economy back on its feet again as quickly as possible will be essential to the survival of the Malaysian retail industry.

At IGB REIT, our focus moving forward is to ensure our malls are ready to thrive once the crisis is over. Our team has been hard at work ensuring that our operations, systems and facilities are running at optimum levels. We are also continuing to invest in asset enhancement initiatives to further strengthen the appeal of our malls to both shoppers and retailers.

By placing importance on security, safety and convenience, we are confident that customer traffic to our malls would recover quickly as soon as the crisis ends. We strongly believe that shopping malls like MVM and TGM will continue to attract visitors in great numbers as they provide an experience that online shopping cannot match.

In spite of the uncertainties, we expect our performance for the financial year 2021 to be stable. IGB REIT's fundamentals remain strong and our malls are poised to recover quickly, leveraging on their superb tenant mix, unparalleled location and convenience as well as world class facilities.

## 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 (COSO) Enterprise Risk Management (ERM) updated framework of 2017 – Integrating with Strategy and Performance, which focuses on integrating risk and strategy in the organisation.

Through its robust risk management, IGB REIT is mitigating unexpected operations 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 and ensure the implementation of strategic plans and mitigation actions are in place and aligned with the established Framework.

We strongly believe that the Framework, and the risk culture that currently thrives within our organisation, allows us to effectively implement risk management activities that not only manage significant business risks in a timely manner, but help us 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 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 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 and monitored by the 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. Other than anchor tenants, namely AEON BiG, Aeon, Metrojaya, Golden Screen Cinemas (GSC), Isetan, and GSC Aurum Theatre, which contribute 9.0% (2019: 9.5%) of the rental income, we do not have any significant exposure to any individual or group of tenants or counterparties.

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

With regards to cash, cash equivalent and deposits held with financial institutions, we only engage 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 deemed to be 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, IGB REIT also monitors and observes the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts (REIT Guidelines) concerning limits on total borrowings.

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



# MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

## (d) Capital Management

Capital is the unitholders' capital and borrowings.

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

The 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. This strategy involves (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 our financial obligations and covenants (v) where appropriate, managing the exposures arising from adverse market interest rates, such as through fixed rate borrowings, to improve the efficiency of the cost of capital.

The gearing profile of IGB REIT is as follows:

	31.12.2020 RM' million	31.12.2019 RM' million
Borrowings	1,214	1,214
Cash and bank balances	(222)	(226)
Net gearing	992	988
Total Unitholders' fund	3,801	3,784
Net gearing (%)	26%	26%
Loan-to-total asset value (LTV) (%)	23%	23%

In FY2020, net gearing was 26%. LTV was 23% for the year, which is below the limit (60% of TAV until 31 December 2022 announced by Securities Commission Malaysia in August 2020).

## (e) Business / Market Risk

The COVID-19 pandemic has led to the Malaysian government imposing MCOs throughout the year. This has severely affected the income of tenants in our malls. We have continued to focus on being a valued partner to our tenants and work hard to ensure that their operations are well supported.

To mitigate the current challenges faced by tenants in our malls, we have put in place targeted action plans including conditional rental support 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. We have also implemented customer reassurance plans to regain shopper confidence in returning to the malls.

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. We are also monitoring the current economic and business situations 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 capital market, 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.

Our parent company, IGB Berhad has established the Group Anti Bribery and Corruption Policy on 19 February 2020. As part of the IGB Group, IGB REIT is committed to conducting its business in compliance with the aforementioned policy.

## (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 and 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 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

## (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 ensure that we remain a vibrant and dynamic organisation that is able to attract and retain talent who help us continue to offer our 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.

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

We also 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 teams as well as in electronic security devices which help to monitor, detect, and deter crime.

## (j) Health & Safety Risk

Health and Safety incidents that occur in our 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 and safety of our employees, tenants, and shoppers, and have a zero tolerance for any loss of life. Our Safety, Health, and Environment Committee oversees the health and safety of our business and works to ensure that our health and safety policies are kept up to date and incorporated into our daily operations. Our teams also track all health and safety incidents that occur within our 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 also held annually to ensure that all employees and tenants are familiar with escape routes as well as the actions needed to be taken in the event of an emergency. Our Safety, Health, and Environment Committee also meets at least once every quarter to review all matters pertaining to health and safety within our malls.

To specifically address the health and safety risk posed by the COVID-19 pandemic, we have equipped our staff with face masks, hand sanitisers and training on SOPs for managing COVID-19 related incidents. We have also implemented preventive measures including contact tracing QR codes and thermal scanners at mall entrances, requiring face masks for all shoppers, tenants, staff and visitors including contractors or suppliers, placement of social distancing markers, sanitising stations throughout the malls and daily deep cleaning and sanitising of common areas and tenant outlets. COVID-19 testing is also regularly conducted for employees.

## (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) department of IGB Berhad, has 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 health of all systems are monitored and contingency planning for disruptions to critical systems and processes are performed periodically.

This year, an external cyber security vendor was engaged to perform a cyber security posture assessment to provide an overall view of the organisation's cybersecurity status. We are currently reviewing the results of the assessment before taking the next steps in enhancing our cyber security measures.

## MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

### (I) Changing Consumer Preferences and Shopping Habits

A large part of our continued longevity depends on our ability to remain relevant to our customer base. In the last decade in particular, we have seen a rapid change in consumer preferences and shopping habits. Two key trends have played a significant part in these changes, namely — the emergence of the internet and its accompanying digital tools and platforms, and the increasing importance that is being placed on sustainability. The former has allowed organisations to better engage with their customers in a more meaningful manner, but it has also meant that customers can now easily shop online and that they play a larger role in shaping brand conversations. 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 IGB REIT 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 81)

Chairman, Independent Non-Executive Director

Board Appointment : 27 April 2012

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

Education and 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) : 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 68)

Managing Director, Non-Independent Executive Director

Board Appointment : 21 March 2012

Education and 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 Managing Director and subsequently redesignated to Group Managing Director 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 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 Directorship(s) : IGB (Group Chief Executive Officer)  
IGBC (Group Managing Director)  
Tan & Tan Developments Berhad  
Wah Seong Corporation Berhad (Non-Executive Chairman)  
Yayasan Tan Kim Yeow

## PROFILE OF DIRECTORS

(continued)

### HALIM BIN HAJI DIN

(Malaysian, male, age 74)

Independent Non-Executive Director

Board Appointment : 27 April 2012

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

Education and 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) : Wah Seong Corporation Berhad (Non-Executive Director)

### LE CHING TAI @ LEE CHEN CHONG

(Malaysian, male, age 79)

Independent Non-Executive Director

Board Appointment : 27 April 2012

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

Education and 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 Ipmda Berhad from December 2001 until retiring in January 2008.

## PROFILE OF DIRECTORS

(continued)

### ROBERT ANG KIM PACK

(Malaysian, male, age 63)

*Independent Non-Executive Director*

Board Appointment : 26 August 2020

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

Education and 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.

### ELIZABETH TAN HUI NING

(Malaysian, female, age 37)

*Non-Independent Executive Director*

Board Appointment : 27 April 2012

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

Education and 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.

### TAN MEI SIAN

(Malaysian, female, age 37)

*Non-Independent Executive Director*

Board Appointment : 11 June 2020

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

Education and 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.

Public Company : IGB (Alternate Director)

Directorship(s) : Tan & Tan Developments Berhad (Alternate Director)



## PROFILE OF DIRECTORS

(continued)

### TAN LEI CHENG

(Malaysian, female, age 63)

Non-Independent Non-Executive Director

Board Appointment : 27 April 2012

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

Education and 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)  
Tan & Tan  
Dato Tan Chin Nam Foundation

### TAN BOON LEE

(Malaysian, male, age 57)

Non-Independent Non-Executive Director

Board Appointment : 26 August 2020

Education and 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/Deputy Group Chief Executive Officer)  
IGBC  
Tan & Tan  
Dato Tan Chin Nam Foundation

### 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 of the Manager, has any family relationship with any Directors or major shareholders of the Manager and major unitholders of IGB REIT.
2. None of the Directors of the Manager has any conflicts of interest with the Manager or IGB REIT other than the significant related party transactions as disclosed in the Notes to the Financial Statements of this Annual Report.
3. None of the Directors of the Manager has any convictions for offences within the past 5 years other than traffic offences, if any; and any public sanction or penalty imposed by relevant regulatory bodies during FY2020.
4. Details of attendance of Board and Board Committees by each Director of the Manager held in FY2020 are contained in the Corporate Governance Overview Statement.
5. Details of unitholdings held by each Director of the Manager in IGB REIT are contained in the Unitholders' Statistics of this Annual Report.

## PROFILE OF EXECUTIVE TEAM

### ANTONY PATRICK BARRAGRY

*(British/Permanent Resident of Malaysia, male, age 69)*

*Chief Executive Officer*

Appointment : 1 September 2012

Education and 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 or major shareholders of the Manager and major unitholders of IGB REIT; (b) any conflicts of interest with the Manager or IGB REIT; (c) any conviction of offences within the past 5 years other than traffic offences, if any; and (d) any public sanction and/or penalty imposed by the relevant regulatory bodies during FY2020.

### 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, Mid Valley Megamall*

Appointment : 1 September 2012

Education and Experience : Daniel Yong Chen-I is a law graduate from University of Bristol, England.

He is the Joint Chief Operating Officer, Mid Valley Megamall (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.

## PROFILE OF EXECUTIVE TEAM

(continued)

### CHAI LAI SIM

*Chief Financial Officer*

Appointment : 1 September 2012

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

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

### CHOW YENG KEET

*Head of Investment*

Appointment : 1 September 2012

Education and Experience : Chow Yeng Keet holds a Bachelor of Economics (First Class Honours) from University of Malaya and a Fellow of the Association of Chartered Certified Accountants.

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

### TINA CHAN LAI YIN

*Head of Compliance/Company Secretary*

Appointment : 1 September 2012

Education and Experience : Tina Chan is a Fellow of the Institute of Chartered Secretaries and Administrators.

She has accumulated more than 30 years of extensive experience in corporate secretarial work, having dealt with a wide-range of corporate exercises. She started her corporate secretarial career at a legal firm in 1989, and then took up the role of Joint Company Secretary in Tan & Tan Development 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 company secretarial matters and governance processes of the group, particularly with regard to ensuring that the group complies and operates in accordance with statutory and regulatory requirements, and assumed the present role of Group Company Secretary of IGB after the privatisation of IGBC by IGB. She was also involved in successful listing of IGB REIT in September 2012 and position expanded to cover IGB REIT Management as the Compliance Officer and Company Secretary.

## PROFILE OF EXECUTIVE TEAM

(continued)

### RENNIE LEE CHAI TIN

*Head of Operations/Leasing (MVM)*

Appointment : 1 September 2012

Education and Experience : Rennie Lee joined Mid Valley City Sdn Bhd (MVC) in 1995. She has more than 26 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.

### KO CHAI HUAT

*Head of Marketing (MVM)*

Appointment : 1 September 2012

Education and Experience : Ko Chai Huat joined Mid Valley City Sdn Bhd (MVC) in 1999. He has 29 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.

### GABRIELLE TAN HUI CHWEEN

*Head of Marketing (TGM)*

Appointment : 1 September 2012

Education and Experience : 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.

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

IGB Real Estate Investment Trust (IGB REIT) is a retail-focused REIT and listed on the Main Market of the Bursa Malaysia Securities Berhad (Bursa Securities).

IGB REIT Management Sdn Bhd (IGB REIT Management or the Manager) is the responsible entity of IGB REIT. The Manager is responsible for the strategic direction and management of the assets and liabilities of IGB REIT. The Manager holds a Capital Markets Services Licence (CMSL) issued by the Securities Commission Malaysia (SC) to carry out REIT management. 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 the applicable provisions of SC's Guidelines on Listed Real Estate Investment Trusts (REIT Guidelines), Capital Markets and Services Act 2007 (CMSA), Bursa Securities' Main Market Listing Requirements (MMLR) and all other relevant legislations, including the Deed of Trust dated 18 July 2012 as amended by the First Amending and Restating Deed dated 25 October 2018 (collectively, the Deed) between IGB REIT Management and MTrustee Berhad, as Trustee of IGB REIT. The Manager has no fixed term of appointment and therefore the appointment continues until it is removed or replaced or retires as provided for in the Deed. Under its CMSL, the Manager appoints relevant officers and staff as its representatives to conduct REIT management activities on its behalf. The Manager also supervises the performance of the property manager to ensure that it meets its objectives pursuant to the property management agreement.

The ultimate holding company of the Manager is IGB Berhad (IGB), a company listed on Bursa Securities, and the controlling UH of IGB REIT.

The Manager recognises that it has responsibilities to the UHS and stakeholders of IGB REIT as well as to the environment and the communities in which it operates. The Board of Directors (Board or Directors) of the Manager has ultimate authority over, and oversight of, IGB REIT and regards corporate governance (CG) as a critical element in achieving the investment objectives of IGB REIT, and discharging its responsibilities to all stakeholders of IGB REIT. The Manager's governance framework, as summarised in this Statement, ensures that IGB REIT is effectively managed, the regulatory requirements are met, and IGB REIT's culture of corporate integrity is reinforced.

The governance framework in turn takes its lead from the Malaysian Code on Corporate Governance (MCCG), and any departure from any of the principles and/or provisions of MCCG is noted below. The Manager would strive to continuously enhance its governance arrangements to reflect changing conditions and emerging sound practices, as appropriate.

This Statement provides an insight of the key governance practices in place (unless stated otherwise) which were followed throughout the financial year ended 31 December 2020 (FY2020).

The Manager's key corporate policies referred to in this Statement (or a summary of them) are available on IGB REIT's website at [www.igbreit.com](http://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.

This Statement is current as at 25 January 2021 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.

As at the date of this Statement, 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 current Board is represented by members with a breadth of expertise in real estate and management, finance, accounting, economics and risk 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 (Executive Team or Officers). The Executive Team comprises Chief Executive Officer (CEO), 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 (HOI), Head of Operations/Leasing (MVM), Head of Marketing (HOM) (MVM), HOM (TGM) and Head of Compliance/Company Secretary (HOC/CS). The Executive Team also manage and control the external service providers for their areas. The members of Executive Team, 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. In this Statement, any reference to 'Executive Management' shall include a reference to MD, EDs and Executive Team.

The key information regarding Directors is set out in this Annual Report (AR2020) under the heading **Profile of Directors**, which cover academic and professional qualifications, Board Committees (BCs) served on (as a member or chairman), date of first appointment as a Director, directorships both present and those held in other listed entities, and other principal commitments. Biographical details of the Executive Team are also set out in AR2020 under the heading **Profile of Executive Team**.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

The Board's primary responsibility is to lead and supervise the management of the business and affairs of the Manager and IGB REIT. The top-stewardship responsibility of the Board is to ensure that IGB REIT is managed in the best interests of all UHs. This includes protecting IGB REIT's assets and UHs' interests and enhancing the value of UHs' investment in IGB REIT. In discharging their roles and responsibilities, all Directors are expected to act and have acted in the best interests of the Manager and IGB REIT.

The Board has a Charter that sets out the mandate, responsibilities and procedures of the Board and BCs, including the matters reserved for the Board's decision and approval. The role 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 aspects and balancing them with the interests of various stakeholders;
- 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 risk management and internal controls, including determining the level of risk exposure that is considered acceptable in pursuit of the Manager's and IGB REIT's objectives, and reviewing and approving the risk management policy and systems;
- ensuring measures relating to CG, financial regulations and other required policies are in place and enforced;
- ensuring UHs and the market are fully informed of all material developments;
- determining and authorising distribution amounts to UHs; and
- overseeing and evaluating the performance of Executive Team 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 Risk Management and Sustainability Committee (RMSC). 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 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 also chairs NC and RC. Board Chairman leads the Board and ensures its effectiveness by, among other things, steering effective, productive and comprehensive discussions among Board members and Executive Team on strategic, business and other key issues pertinent to the business and operations of the Manager and IGB REIT. With the full support of the Board and Executive Team, the Board Chairman spearheads the Manager's drive to promote, attain and maintain high standards of governance and transparency.

## Practice 1.3

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

The positions of Board Chairman, MD and CEO are held by 3 different individuals who are not related to each other to ensure appropriate balance of power and authority to facilitate effective oversight and clear segregation of duties.

Board Chairman is primarily responsible for ensuring the Board's effectiveness in all aspects of its role. MD, as a representative of the Board, sets the strategic directions of the Manager and IGB REIT. The business direction and operational decisions of IGB REIT is led by CEO, and together with Executive Team implements the strategies and policies approved by the Board in the conduct of IGB REIT's business.

The separation of roles of the Board Chairman, MD and CEO and the clarity of roles promote greater accountability from Executive Team and allow the Board to exercise its independence in its oversight of and deliberations with Executive Team. The financial authority of the Board, MD and CEO 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. Approval sub-limits are also provided at Executive Team-level to facilitate operational efficiency.

## Practice 1.4

***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, a Fellow of the Institute of Chartered Secretaries and Administrators. HOC/CS has overall responsibility for the corporate secretarial function 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 the NEDs and Executive Management, and performing such other duties of HOC/CS, as required under laws and regulations or as specified in the REIT Guidelines, CMSA and MMLR, or as required by the Board Chairman or Directors (or any of them), as the case may be. The appointment and removal of HOC/CS is a matter for decision by the Board as a whole.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

## Practice 1.5

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

Scheduled periodic meetings of the Board and BCs represent the main platform by which the Manager's performance and conduct are monitored. Directors are expected to prepare for, attend, and contribute meaningfully in all Board and applicable BC meetings in order to discharge their obligations. Board and BC meeting dates for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and schedule these dates into their respective calendars. Where exigencies prevent a Director from attending a Board or BC meeting in person, such Director can participate by audio or video conference. The Board and BCs may also make decisions by way of resolutions in writing.

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 discussions on all agenda items. Meeting materials, both digital and hard copies, are generally provided 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, sensitive matters may be tabled at the meeting itself, or discussed without papers being distributed. Parties who can provide relevant information on matters tabled at the Board and BC meetings will be in attendance to provide further information that may be required.

The Board meets 4 times a year at approximately quarterly intervals, and on such other occasions that necessitate its involvement. For matters which require the Board's decision outside such meetings, board papers along with resolutions in writing will be circulated through HOC/CS for the Board's consideration, with discussions and clarifications taking place between members of the Board and Executive Team, where required, before approval is granted. This option is occasionally used in urgent cases. In addition, from time to time, the Board participates (either directly or through representatives) in due diligence committees in relation to strategic decisions, capital and fund-raising activities.

At each scheduled Board meeting, the financial performance and business reviews are discussed, including IGB REIT's financial results and operating performance against the approved budgets, together with explanations given for significant variances for the reporting period. Periodic updates on risks relating to strategy, operational, financial and external environment as well as changes to regulatory requirements are also presented and discussed at Board meetings. CEO, Joint COOs, CFO, HSR, HOI and HOC/CS regularly participate in the Board meetings. They report in writing and orally on the individual agenda items and proposals for resolutions and answer the questions of the Board members. The Board is also informed of decisions and salient issues by the respective chairman of BCs. Consistent with their fiduciary duties, Directors are expected to maintain confidentiality of the deliberations of the Board. All proceedings of Board meetings are duly recorded in the minutes of each meeting and circulated promptly to every Board member for their comments prior to confirmation of the minutes. The Board met 6 times during FY2020 and the individual attendance record is disclosed in [Appendix 1](#).

In discharging their duties, Directors have direct access to Executive Team to seek explanations and information and have complete and unrestricted access to both IGB REIT and the Manager's records and information. Directors, whether as a group or individually, may seek advice from third party experts on matters deliberated by the Board as and when required, and the cost of such advice shall be borne by the Manager.

## Practice 2.1

**The board has a 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, board committee, 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 25 January 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, Executive Team, those matters expressly reserved for the Board and those matters that are delegated to BCs and Executive Team. 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 the overall strategy and business 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 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 FY2020 showed that all BCs had effectively discharged their function. BC attendance records are disclosed in [Appendix 1](#).

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 Executive Team 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

## 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.*

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

The Manager has in place a Code. The objective of the Code is to ensure that Directors, other stakeholders and the broader community can be confident that the Manager and 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 standards, 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.

### (b) 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 is a subsidiary of IGB and therefore subscribes to IGB Group ABC Policy. The policy which adheres to the MMLR and the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, generally set out the responsibilities of IGB Group, 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 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.

### (c) 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. Other than a meeting convened for the removal of the Manager, the Manager and its associates are prohibited from being counted in a quorum for or voting at any meeting of UHs convened to consider a matter in respect of which the Manager and/or its associates have a material interest.

When acting as Directors of the responsible entity of IGB REIT, Directors must act in the best interest of UHs, and if there is a conflict between the interest of UHs and the interest of the Manager, Directors must give priority to the interest of UHs. The Charter provides Directors with guidelines for complying with their obligations to take all reasonable steps to avoid actual, potential or apparent 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. In respect of the matters in which a Director or his/her associates have an interest, direct or indirect, where appropriate, abstain from voting and recuse himself/herself from any discussion on the matter.

### (d) Related Party Transactions (RPT)

The Manager has established controls and reporting measures for RPT to ensure all transactions involving, amongst 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 UHs. Executive Team has been kept informed of the disclosure procedures for RPT, who would ensure that transactions with related parties 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 and recurrent RPT (RRPT) entered into by IGB REIT with related parties are maintained in records by the Manager and reviewed by AC on a quarterly basis to ensure compliance with internal control procedures and with the provisions of REIT Guidelines and MMLR. If a member of the Board and/or AC has an interest in a transaction or arrangement, the Director concerned is to abstain from participating in the review and recommendation process in relation to that transaction or arrangement.

At the Eighth Annual General Meeting (8<sup>th</sup> AGM) of IGB REIT on 29 June 2020, a general mandate under paragraph 10.09(2) of the MMLR for IGB REIT to enter into RRPT with IGB Group (RRPT Mandate) had been obtained from UHs. Based on the actual amount transacted from the date of the 8<sup>th</sup> AGM up to the date of this Statement, the actual value of RRPT has not exceeded the estimate value by 10% under the mandate. The details of RRPT entered into by IGB REIT with IGB Group during FY2020 pursuant to the mandate are disclosed in Appendix 2.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

IGB REIT is seeking UHs' approval at the Ninth AGM (9<sup>th</sup> AGM) to be held in April 2021 to renew the RRPT Mandate. In view of the diversity of IGB Group's business, it is envisaged that in the normal course of business of IGB REIT, transactions in respect of goods and/or services between IGB REIT and IGB Group will occur with some degree of frequency from time to time and may arise at any time. Obtaining the mandate on an annual basis will eliminate the need to announce and convene separate general meetings (GMs) on each occasion to seek UHs' approval for the entry by IGB REIT into such transactions. This will reduce the associated expenses and improve administrative efficiency. 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 9<sup>th</sup> AGM. The details of the RRPT Mandate are set out in the [Circular to Unitholders – RRPT Mandate](#) (Circular).

Subsequent to FY2020, AC had at its meeting on 25 January 2021, reviewed the Circular, and having considered, amongst 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) Market Sensitive Information

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, dealings in IGB REIT securities by Directors and Officers should not take place one month before the announcement of IGB REIT's quarterly financial results, and ending on the date of announcement of the relevant results (closed trading period). Reminders are sent quarterly to Directors and Executive Team not to trade during this period or whenever they are in possession of undisclosed material information. Directors and Executive Team are also expected to observe insider trading laws at all times even when dealing with IGB REIT securities within the permitted trading periods (trading window period). Accordingly, notwithstanding the trading window period, any of the Directors or Officers who is aware of or privy to any material unpublished price-sensitive information which is the subject of an impending IGB REIT announcement or potential media release should not trade in IGB REIT securities until the information is appropriately disseminated to the market.

Each Director or Officer is required to give notice to the Manager of his/her acquisition of IGB REIT securities or to any changes to 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 are to be announced via the regulatory information service (BursaLINK), with the announcement posted on IGB REIT's website. The interests in IGB REIT securities of Directors and CEO are shown in [Unitholders' Statistics](#) in AR2020.

### *Practice 3.2*

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

The Manager also subscribes to IGB Group Whistleblowing Policies and Procedures (GWPP). GWPP covered all types of whistle-blowers, internal (employees, contract workers, etc.) and external (customers, vendors, suppliers, members of the public, etc.) persons from whom disclosure may be received. All whistle-blower reports are addressed to the Whistleblowing Committee comprising the Heads of Group Internal Audit (GIA), Group Human Capital and Group Legal of IGB who also addressed 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 detrimental action that may result from the disclosure of improper conduct, provided that the disclosure is made in good faith.

### *Practice 4.1*

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

The Board consists of 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 comprise 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 performed their oversight role effectively and understood their responsibilities to stakeholders. Nonetheless, the Board through NC, would continue to review the skills, knowledge and experience represented on the Board against the skills and experience needed to deliver IGB REIT's strategy.

### *Practice 4.2*

*The tenure of an ID does not exceed a cumulative term limit of 9 years. Upon completion of 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 justify and seek annual SHs' approval.*

*If the board continues to retain the ID after the 12<sup>th</sup> year, the board should seek annual SHs' approval through a 2-tier voting process.*

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

The presence of INEDs provides objectivity and independent judgement to the decision-making process of the Board. The 4 INEDs are independent from Executive Management and IGB REIT's major 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 IGB REIT.

All INEDs are subject to an annual independence assessment, conducted by NC. These INEDs are required to fill up the self-declaration forms whereby NC will review each INED's self-declaration and assess whether any relationship or factor disclosed by the INED or any other non-disclosed relationship or factor may influence the INED's ability to act independently. When NC assessed the INED's independence, the respective NC member, who is also an INED, will recuse himself when his independence was tabled for assessment. The assessment takes into account factors such as the INED's business relationship with IGB REIT, the Manager and/or related entities, and whether any of the INED has current or past business dealings with major UHs or Executive Management which could interfere, or be reasonably perceived to interfere, with the exercise of the INED's independent business judgement.

In its review for FY2020, NC (each member recused himself when his independence was tabled for assessment) has determined that the INEDs remained objective and independent, evidenced by their ability to demonstrate the values and principles associated with independence during Board discussions such as impartiality, objectivity and consideration of the interests of the Manager and IGB REIT, 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 demonstrated complete independence in character and judgement both as Board members and their designated roles in the respective BCs, and they have exercised impartial and independent judgement while protecting the interests of the Manager and IGB REIT.

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 4.3 (Step Up)*

*The board has a policy which limits the tenure of its IDs to 9 years.*

Whilst the MCCG recommends to set a tenure limit for INEDs, the Board is of the opinion that as long as the INED is able to confirm in good faith that he 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 will be allowed to serve on the Board beyond 9 years. Just as importantly, the Manager believes the determination of age limit is not relevant since the Manager should also have access to the knowledge and experience of older persons over a longer period within the scope of the Board activities. Nonetheless, the Board through NC will conduct a yearly assessment on the independence of INEDs.

TSL, HHD and LCC were appointed on 27 April 2012 whilst AKP on 26 August 2020. Each of the 4 INEDs has provided an annual self-declaration of his independence to the Board.

## *Practice 4.4*

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

The Manager recruits and promotes individuals based on merit, performance and capability. Employing the right people for the right job is critical to the Manager being able to meet the business objectives of the Manager and IGB REIT. The selection process for all appointments (Board-level and Executive Team-level) 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 Board and Executive Team have the appropriate fitness and propriety to discharge their prudential responsibilities on appointment and during the course of their appointment.

Appointment of new Directors to the Board are the responsibility of the full Board on NC's recommendation. There are formal, considered and transparent procedures for 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 skills, experience, expertise, 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. Other considerations include, but not limited to background, gender and age.

There have been changes to the Board since the last AGM. TMS (ED) was appointed to the Board on 11 June 2020. AKP (INED) and TBL (Non-INED) were appointed to the Board on 26 August 2020. Daniel Yong Chen-I resigned as a Director on 25 January 2021. As at the date of this Statement, the Board comprises 9 Directors of whom 4 are INEDs, 2 Non-INEDs and 3 EDs (including MD) with 44.4% of the Directors being independent and with 33.3% women representation.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Appointments and performance appraisals of Executive Team are under the purview of RC. RC met on 26 October 2020 to consider the renewal of service contracts of the Executive Team. Having assessed the individual performance, RC was satisfied with their performance and recommended to the Board that it would be in the best interest of the Manager to extend their employment for one-year term effective 1 January 2021, thereby retaining its team of competent and committed management and maintaining management's continuity, of which the Board had approved. Each Officer has a formal job description and service contract which sets out the conditions and expectations of the role.

## Practice 4.5

*The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.*

The Board is of the opinion that it is not necessary to have an internal gender policy as all appointments must be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective, and the appropriate particular roles in the Executive Team.

As at 25 January 2021, the proportion of women employed by the Manager was, Board @ 33.3%, and Executive Team @ 60%.

## Practice 4.6

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

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.

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 independent search companies if necessary, as well as leverage on business and other contacts. Nominations, which may be made by the Board members or the controlling UHs, are openly discussed and objectively evaluated by NC before any appointment is made. The key criteria for director selection and nomination by the Board include integrity, particular expertise (sector and functional) and the degree to which they complement the skillset of the existing Board and whether or not, the candidate can commit sufficient time given their other roles and activities, and in the case of INEDs, actual and perceived independence from the controlling UHs and Executive Management. This is the approach taken during the calendar year 2020 for the appointment of TMS, AKP and TBL, all of whom have the necessary knowledge, skills and professional experience in the fields of real estate and management which would add value to the Board and the Manager. In its review, NC took into consideration the appropriate skillsets required, size, structure and composition of the Board, ensuring that it was not only well-balanced and supportive of good governance and efficient management but also time commitment and contribution from the candidates.

## Practice 4.7

*NC is chaired by an ID or 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. As at the date of this Statement, NC 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, Board and Executive Team succession planning generally and continuing professional development programmes for Directors. Chair of NC continues to lead NC to assist the Board in fulfilling their responsibilities on the yearly board performance-assessment exercise as set out below.

## Practice 5.1

*The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its BCs and each individual director. The board should disclose how the assessment was carried out and its outcome.*

*For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.*

Directors are aware that they need to continually monitor and improve performance and recognise this can be achieved through regular board performance-assessment, which provides a valuable feedback mechanism for improving board effectiveness, thus ensuring the Manager is under the oversight and guidance of an accountable and competent Board.

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 cover topics which include, amongst others, 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.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

The last performance evaluation was carried out on 25 January 2021 in respect of FY2020. In its assessment, NC took into consideration the individual Director's contribution, with reference to the results of the performance assessment of the individual Director, and the intrinsic independent values demonstrated by INEDs, 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 the Manager and IGB REIT to fulfil his/her responsibilities notwithstanding he/she may have multiple listed company board representations and/or other principal commitments.

NC had also reviewed the current Board size, composition and balance between EDs, NEDs and INEDs appropriate to the efficient governance and management of the Manager. Considerations that factor into the assessment process included, amongst others, the scope and nature of the operations of the Manager and IGB REIT and the requirements of the business, the Board's skillset and the number of Directors needed to discharge the duties of the Board and BCs. 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 effective oversight over the Executive Team.

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.

In view of the low level of complexity and transparent business model of IGB REIT, as well as the regular meetings held by the Board and BCs, the Board held the view that the internally facilitated process was adequate for effective performance of its duties, and as such, the use of an independent consultant was not necessary at this stage.

## Practice 6.1

*The board has in place policies and procedures 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 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. NEDs' fees and Executive Management's remuneration are paid by the Manager and not IGB REIT.

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, 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 Remuneration Policies and Practices (RPP) for Directors and Executive Management of the Manager. Guided by the RPP, RC with the endorsement of the Board, reviews on a periodic basis the NED fees and meeting allowances and remuneration components of Executive Management. In its deliberation, RC will take into consideration industry practices and benchmark against relevant REIT players to ensure that the remuneration and employment conditions are competitive.

Remuneration of NEDs is based on each Director's level of responsibilities on the Board and its BCs, and is benchmarked against market practices. The Chairman of the Board and AC are paid higher fees compared with members of the Board and of such BC in view of the additional responsibilities carried by those appointments. NEDs are paid annual fees and 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.

In establishing the remuneration structure of Executive 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 Executive Management comprises base salary, performance bonus and/or other benefits based on their respective service contracts with the Manager. RC reviews the remuneration of Executive Management annually taking into account a 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 comparators; and individual performance. The performance bonus is linked to and determined based on achievement of the Manager's key qualitative financial, operational and strategic measures in the year.

Directors and Executive Team 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 Executive Team shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

## Practice 6.2

The board has a RC to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the board and SM.

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. As at the date of this Statement, RC comprises 5 NEDs, the majority of whom, including the Chair, are independent.

RC has oversight of the Manager's 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.

The remuneration levels for Directors and Executive 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 its peer group and REIT industry generally. The last performance evaluation for Directors and Executive Management was carried out on 26 October 2020. RC had, in arriving at its decision, considered the challenging environment ahead due to the unprecedented disruption caused by the Coronavirus (Covid-19) pandemic, and recommended the NED fees (in respect of FY2020) and meeting allowances (in respect of year 2021) to maintain status quo, which had been endorsed by the Board and to be submitted to the Manager's AGM for approval. For the same reason, there were no salary increment and bonus payment for the Executive Management.

## Practice 7.1

There is detailed disclosure on named basis for 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 FY2020 are set out in the table below:

Board Members	Remuneration <sup>(e)</sup> RM	BIK <sup>(f)</sup> RM	Fees RM	Meeting Allowance RM	Total RM
TSL	-	480	140,000	43,000	183,480
DSRT	3,052,430	-	-	-	3,052,430
HHD	-	480	110,000	39,500	149,980
AKP <sup>(a)</sup>	-	160	33,333	5,000	38,493
LCC	-	480	100,000	37,500	137,980
DYCI <sup>(b)</sup>	311,189	-	-	-	311,189
ETHN	311,189	-	-	-	311,189
TMS <sup>(c)</sup>	228,702	-	-	-	228,702
TLC	-	-	100,000	27,500	127,500
TBL <sup>(d)</sup>	-	-	33,333	2,500	35,833
<b>Total</b>	<b>3,903,510</b>	<b>1,600</b>	<b>516,666</b>	<b>155,000</b>	<b>4,576,776</b>

## Notes:

<sup>(a)</sup> Appointed as INED on 26 August 2020.

<sup>(b)</sup> Resigned as ED on 25 January 2021.

<sup>(c)</sup> Appointed as ED on 11 June 2020.

<sup>(d)</sup> Appointed as Non-INED on 26 August 2020.

<sup>(e)</sup> The amount disclosed includes base salary and EPF contribution.

<sup>(f)</sup> The amount disclosed relates to season parking pass.

## Practice 7.2

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.

As set out above, the remuneration of all personnel is paid by the Manager out of the fees that it receives (of which the quantum and basis have been disclosed within IGB REIT Financial Statements FY2020), rather than by IGB REIT.

In view of the sensitivity and confidential nature of remuneration matters and the competitive nature of the business environment in which the Manager operates, it is not in the best interests of IGB REIT and its UHs to disclose the remuneration of Executive Team on a named and quantum basis. It is important for the Manager to retain talent for the long-term interests of IGB REIT and its UHs, and ensure stability and continuity of business operations with a competent and experienced management team in place.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

The remuneration paid to the top 5 Officers (excluding EDs) of the Manager in bands of RM50,000 (instead of on a quantum basis) for FY2020 are as follows:

Remuneration Bands	Number of Officer	Salary <sup>(a)</sup>	BIK <sup>(b)</sup>	Total
Between RM50,000 – RM100,000	1	100%	-	100%
Between RM100,000 – RM150,000	1	100%	-	100%
Between RM250,000 – RM300,000	1	100%	-	100%
Between RM300,000 – RM350,000	1	100%	-	100%
Between RM600,000 – RM650,000	1	97.04%	2.96%	100%

**Notes:**

<sup>(a)</sup> The amount disclosed includes base salary, fixed allowance and EPF contribution.

<sup>(b)</sup> The amount disclosed includes accommodation, driver, club membership, mobile communication expenses and season parking pass.

**Practice 7.3 (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 Executive Team 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 8.1**

*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). The Board Chairman is a member of AC.

**Practice 8.2**

*AC has a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as AC member.*

Under AC's ToR, where a firm has been appointed as the external auditor (EA) of IGB REIT, any partner of the firm must not serve or be appointed as AC member until at least 2 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), who has been EA of IGB REIT since listing. PwC has a policy of rotating audit partner at least every 7 years and providing an annual declaration of independence.

**Practice 8.3**

*AC has policies and procedures to assess the suitability, objectivity and independence of the EA.*

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 FY2020.

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 FY2020. The statement of EA's responsibilities on IGB REIT Financial Statements FY2020 is set out in AR2020 under the heading Independent Auditors' Report.

AC has reviewed the non-audit services provided by PwC during FY2020, and was satisfied that given the nature and extent of non-audit services provided and the fees for such services, neither the independence nor the objectivity of PwC was put at risk. In this regard, for FY2020, IGB REIT paid RM139,373 to PwC, of which RM127,130 was for audit services and RM12,243 relating to advisory services for IGB REIT.

**Practice 8.4 (Step Up)**

*AC should comprise solely of IDs.*

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

## Practice 8.5

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

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

Members of AC bring with them invaluable experience and professional expertise in finance, accounting, real estate, banking and economics.

AC is responsible for the oversight of the Manager and IGB REIT's financial reporting and accounting policies, the internal controls, including financial, operational, compliance and risk management controls and procedures, the procedures established to regulate RPT/RRPT, including ensuring compliance with the provisions of REIT Guidelines and MMLR, the internal audit's (IA) 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's scope of authority and responsibilities are defined in its ToR. It has full access to, and the cooperation of Executive Team 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.

Before the Board approves the financial statements for a financial period, MD and CFO provide such declarations to the Board that, in their opinion, the financial records of IGB REIT have been properly maintained and that the financial statements comply with the accounting standards and give a true and fair view of the financial position and performance of IGB REIT. They also provide confirmation that these opinions have been formed on the basis of a sound system of risk management and effective internal controls.

During FY2020, AC reviewed the audit plans from the external and internal auditors to ensure that the scope of the plans have covered sufficiently the audit of the internal controls of IGB REIT. AC has met EA without the presence of Executive Management twice in FY2020. In the review of IGB REIT Financial Statements FY2020, AC discussed with CFO the accounting principles that were applied and considered the clarity of key disclosures in the financial statements. In addition, AC reviewed the key audit matters as reported by EA for FY2020. Tasks performed by AC during FY2020 are described in greater details under the heading Audit Committee Report in AR2020.

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 and webinars that AC members attended during FY2020 are set out in Appendix I.

## Practice 9.1

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

## Practice 9.2

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

Ultimate responsibility for risk oversight and risk management rests with the Board and risk management issues are considered at Board meetings.

The Board has established an IGB REIT Strategy and Risk Framework (Framework), which is based on the Committee of Sponsoring Organisation of the Treadway Commission's Enterprise Risk Management (ERM) – Integrating with Strategy and Performance, focusing on integrating risk and strategy in the organisation. The Framework integrates the ERM with business strategies and processes, thus providing the Manager a holistic and consistent process for the continuous identification of key risks, management and monitoring of risks as well as regular reporting of the risks to the Board. The Framework has been communicated in meetings to all heads of functional units.

Each year, in consultation with AC, RMSC and IA, the Board assesses the adequacy and effectiveness of risk management and internal controls of IGB REIT. Based on the Framework, the audit works conducted by internal and external auditors, the key risk and control matrix for IGB REIT which is presented on a quarterly or half-yearly basis by HSR (to ensure relevance and that controls are continuously in place for each risk, the policies and procedures that has been put in place to reduce operational risks and serve as guidance in day-to-day work processes) and a confirmation obtained from both MD and CFO that the risks and controls are properly managed, the Board with the concurrence of AC was satisfied that the Manager's internal controls and risk management systems were adequate and effective as at 31 December 2020 to address financial, operational, compliance and information technology risks, which the Manager considers relevant and material to IGB REIT's operations.

The Manager's approach to risk management and internal controls as well as the management of key business risks is set out in AR2020 under the heading Statement on Risk Management and Internal Control which has been reviewed by PwC.

## Practice 9.3 (Step Up)

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

An essential element of CG is risk management to adequately and systematically counter the risks that IGB REIT is exposed to. 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. While not comprising of a majority of INEDs, RMSC comprises Executive Team and is chaired by CEO, all of whom have detailed knowledge on the strategies and risks of IGB REIT's business to identify, assess and manage risks and opportunities in a timely manner. RMSC meets quarterly or more often if necessary, to appraise the adequacy and effectiveness of IGB REIT's risk management framework and policies.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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 half year.

## Practice 10.1

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

## Practice 10.2

*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 IA department;**
- **name and qualification of the person responsible for IA; and**
- **whether 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 UH 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 appraisal function for Executive Team and AC based on a systematic review and evaluation of the governance, risk management and internal control processes of the Manager and IGB REIT. GIA 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 Chartered Accountant (Australia), Fellow member 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 IA 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 2020, GIA has 11 personnel in the team.

GIA 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 performed, 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. GIA also performs investigations and ad-hoc reviews as and when the need arises, or when requested by Executive Management. In addition, GIA provides advisory services to RMSC on risk management, sustainability and business continuity matters, as well as the contact point for [feedback@igbreit.com](mailto:feedback@igbreit.com) i.e., communication channel for lodging complaints and feedback from stakeholders.

GIA subscribes to, and is in conformance with, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by the IIA Inc and has incorporated these Standards into its audit practices. Each quarter, GIA submits reports to AC for review and deliberation. AC reviews and deliberates on the issues highlighted by GIA 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.

During FY2020, GIA conducted its audit reviews based on the IA plan approved by AC 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. The key activities reviewed in FY2020 included high-level reviews in the areas of CG and Implementation of Adequate Measures in relation to Corporate Liability, operational audits on internal controls of Advertising & Promotions, Building Services, The Gardens Club, Marketing, Procurement, Safety & Health and Leasing (tenancy agreements and tenancy related deposits), Risk management on cybersecurity controls and fraud risk, special assignment on tenant sales verification audit and progress reports for audits of Security, Social Media, Safety & Health and Finance operations. In relation to risk management, GIA assists management by assessing the adequacy and effectiveness of the system, process and procedures. Details of IA function and activities are disclosed in AR2020 under the heading Audit Committee Report.

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

For FY2020, AC is satisfied that IA function is independent, effective and adequately resourced.

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

### Practice 11.1

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

The Manager is committed to providing UHs with timely communications regarding any matters that may impact or influence the investment performance of IGB REIT. The Manager understands IGB REIT's regulatory obligations around continuous disclosure as a listed entity.

The Board strives to provide timely, open and accurate information of IGB REIT to all stakeholders, including UHs, regulators and the wider investment community. HOC/CS is the liaison person and disseminates all material market announcements to the Board upon its release to Bursa Securities. All announcements, reports, quarterly financial results and media statements are released to Bursa Securities and published on IGB REIT's website, providing users with easy access to the most up-to-date financial and corporate information. 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Executive Management communicates with analysts and media representatives on a regular basis as well as conducts presentations to institutional investors to provide updates, strategies and developments about IGB REIT's state of affairs based on permissible disclosures. These meetings focus either on recently announced financial results, recent corporate activity or the longer term strategy of IGB REIT. 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.

IGB REIT has also provided UHs with contact details for investor relations ([Investorrelations@igbreit.com](mailto:Investorrelations@igbreit.com)) through which they can direct enquiries on investor related matters. The website also contains a facility ([feedback@igbreit.com](mailto: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 investors.

## *Practice 11.2*

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

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 and forward-looking statements comprising trends and the inclusion of the business review are included in AR2020 under the heading Management Discussion and Analysis.

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 12.1*

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

UHs are informed of AGM through a notice (such notice will also be published on BursaLINK, newspapers and IGB REIT's website) accompanied by the annual report and circular which are sent to them at least a month before the scheduled date of such meeting. The notice sets out the business to be transacted at AGM with explanatory notes for each resolution proposed to enable UHs to make informed decisions in exercising their voting rights. Any UH who is not able to attend AGM is allowed to appoint up to 2 proxies to vote on his/her behalf at the meeting through proxy forms sent before the proxy submission cut-off time. UHs are also invited to submit questions before the AGM. This helps the Manager to understand UHs' issues and concerns and address key areas of UHs' feedback.

## *Practice 12.2*

*All directors attend GMs. The chair of AC, NC, RMC and other committees provide meaningful response to questions addressed to them.*

The AGM of IGB REIT serves as a principal forum for dialogue and interaction between the Board and UHs. The Manager is in full support of UHs' participation at AGM of IGB REIT to stay informed of the strategies and goals of IGB REIT. The standard proceedings adopted by IGB REIT at its AGM would involve a brief overview by the CEO on IGB REIT's business and financial performance, before proceeding with the resolutions put to the meeting. UHs are accorded the opportunity to speak on the relevant agenda items and to request information on IGB REIT matters, insofar as this is necessary for the proper assessment of an item of the AGM.

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

At UHs' meetings, each distinct issue is proposed as a separate resolution and put to vote by way of electronic poll voting. 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 immediately at the meeting, and also announced in a timely manner after the meeting via BursaLINK and posted to IGB REIT's website. The Manager publishes minutes of UHs' meetings on IGB REIT's website as soon as practicable following the meeting.

In view of the Covid-19 pandemic and the Government's directives relating to social distancing and avoiding all forms of public gatherings, the proceedings of the 8<sup>th</sup> AGM of IGB REIT on 29 June 2020 was conducted in a fully virtual manner. Only Directors and essential individuals involved in conducting the meeting were physically present at the broadcast venue, with full adherence to the standard health and safety operating procedures for businesses during the Recovery Movement Control Order. All UHs were able to exercise his/her right to participate, pose questions, and vote at the 8<sup>th</sup> AGM remotely via the Remote Participation and Voting facilities, after having registered online. UHs were also able to appoint a proxy (or proxies) via a proxy form. A total of 357 UHs and proxies participated in the meeting remotely (online). 557,099,418 of the issued units was represented (issued units of IGB REIT at the time of convening the 8<sup>th</sup> AGM was 3,555,025,825). All agenda items were resolved by a large majority.

## *Practice 12.3*

*Listed companies with a large number of SHs or which have meetings in remote locations should leverage technology to facilitate:*

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

As noted above, IGB REIT hosted its 8<sup>th</sup> AGM in full virtual proceedings for the first time, where the meeting was conducted via live streaming and online voting. It is a demonstration of the Manager's continued commitment to UHs of IGB REIT in fulfilling its duty to them despite the unprecedented circumstance and importantly, in ensuring their utmost safety and wellbeing.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

## Appendix 1

### ATTENDANCE RECORD OF DIRECTORS AND CEO AT THE MANAGER'S BOARD AND BC MEETINGS, AND AGM OF IGB REIT DURING FY2020

	Board	AC	NC	RC	RMSC	AGM
Number of meetings during FY2020	6	4	3	2	5	1
TSL	6	4	3	2	N.A.	1
HHD	6	4	3	2	N.A.	1
LCC	6	4	3	2	N.A.	1
AKP <sup>(a)</sup>	2	-	-	1	N.A.	N.A.
DSRT	6	4 <sup>(e)</sup>	2 <sup>(e)</sup>	2 <sup>(e)</sup>	N.A.	1
DYCI <sup>(b)</sup>	6	N.A.	N.A.	N.A.	5	1
ETHN	6	N.A.	N.A.	N.A.	5	1
TMS <sup>(c)</sup>	3	N.A.	N.A.	N.A.	4	1
TLC	6	N.A.	3	2	N.A.	1
TBL <sup>(d)</sup>	2	N.A.	N.A.	N.A.	N.A.	N.A.
Antony Patrick Barragry, CEO	6 <sup>(e)</sup>	N.A.	N.A.	N.A.	5	1

#### Notes:

<sup>(a)</sup> Appointed as INED on 26 August 2020.

<sup>(b)</sup> Resigned as ED on 25 January 2021.

<sup>(c)</sup> Appointed as ED on 11 June 2020.

<sup>(d)</sup> Appointed as Non-INED on 26 August 2020.

<sup>(e)</sup> Attendance was by invitation.

### CONTINUING PROFESSIONAL DEVELOPMENT

Measures for further education or refresher training of abilities and knowledge lie in the self-responsibility of Directors and CEO. Directors and CEO are expected to be adequately informed in respect of relevant industry and regulatory issues and changes. Directors and CEO are actively encouraged to raise any training requirements with HOC/CS, as they consider necessary for their continuing professional development. Directors and CEO are also provided with timely briefings on all material developments in laws, regulations and accounting standards periodically at Board and AC meetings. HOC/CS also keeps Directors and CEO informed of the series/talks organised by regulatory bodies as well as facilitates the organisation of in-house training/development programmes.

In FY2020, all Directors and CEO had attended or participated in one or more of the following seminars and 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 and Webinars
CG and Sustainability	<ul style="list-style-type: none"> <li>Idcliff Executive Education Centre - Mandatory Accreditation Programme for Directors of Public Listed Companies</li> <li>KPMG Management &amp; Risk Consulting Sdn Bhd - Sustainability Advisory in relation to Integrated Reporting Awareness Training</li> </ul>
Social Enterprise and Ethics	<ul style="list-style-type: none"> <li>Leadership Institute of Sarawak State Civil Service - Sarawak Chamber of Commerce and Industry on 'Trying trouble times amid trauma and tumult'</li> </ul>
Economics, Finance and Accounting	<ul style="list-style-type: none"> <li>Entrepreneurs' Organisation - 'Surviving turbulent time in the face of turbulence, how can CEOs deliver profit growth and ensure strong economics returns?'</li> <li>Certified Public Accountant Australia - Best practices of financial modelling using Excel</li> </ul>
Internet of Things	<ul style="list-style-type: none"> <li>Money and Life Academy Sdn Bhd - Financial Master Class Capital Market 2.0 on 'How Blockchain, Cryptocurrency and Fintech are disrupting and complementing the financial industry?'</li> <li>Securities Industry Development Corporation (SIDC) - Digital Transformation and Disruptors</li> <li>SIDC - Digital Transformation, The Future of Marketing</li> <li>SIDC - Digital Transformation, New Era Organisation</li> <li>SIDC - Big Data Trends and Case Studies</li> </ul>

\* TSL as guest speaker/panel speaker/moderator

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

## Appendix 2

### RRPT MANDATE

At its 8<sup>th</sup> AGM in 2020, IGB REIT obtained a general mandate for IGB REIT to enter into RRPT with IGB Group. Based on the actual amount utilised from the date of 8<sup>th</sup> AGM up to the date of this Statement, the actual value of RRPT has not exceeded the estimate value by 10% under the RRPT Mandate. The following table set forth the RRPT entered into by IGB REIT with IGB Group during FY2020 pursuant to the RRPT Mandate:

Related Party	Nature of RRPT	Actual Value FY2020 RM'000	Estimated Value RM'000	Interested Related Parties
IGB Group <sup>(a)</sup>	Lease of space and other building related facilities	4,448		IGB REIT Management <sup>(b)</sup> IGBC <sup>(b)</sup> IGB <sup>(b)</sup> DSRT <sup>(c)</sup> ETHN <sup>(d)</sup> TMS <sup>(e)</sup> TLC <sup>(f)</sup> TBL <sup>(g)</sup> Pauline Tan Suat Ming (PTSM) <sup>(h)</sup> Tony Tan Choon Keat (TTCK) <sup>(i)</sup> Tan Chin Nam Sdn Bhd (TCNSB) <sup>(j)</sup> Tan Kim Yeow Sdn Bhd (TKYSB) <sup>(k)</sup> Wah Seong (M) Trading Co. Sdn Bhd (WSTSB) <sup>(l)</sup> DYCI <sup>(m)</sup> Gabrielle Tan Hui Chween (GTHC) <sup>(n)</sup>
	Provision of chilled water and liquefied petroleum gas	8,497		
	Receipt of upgrading, repair and maintenance works	609		
	Receipt of information and communication technology products and services	300		
	Receipt of tenant sales verification audit and special review	122		
	Management fee	31,425		
	<b>TOTAL</b>	<b>45,401</b>	<b>70,000</b>	

#### Notes:

- <sup>(a)</sup> The principal activities of IGB Group are investment holding, provision of management services, property investment and management, owner and operator of malls, hotel operations, property development, construction, information and communication technology services, provision of engineering services for water treatment plants and related services, education, investment holding and management of REIT.
- <sup>(b)</sup> IGB REIT Management is a wholly-owned subsidiary of IGBC, which in turn is wholly-owned by IGB, a major UH of IGB REIT.
- <sup>(c)</sup> DSRT is the MD and NIED of IGB REIT Management; the 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.
- <sup>(d)</sup> ETHN is a NIED of IGB REIT Management; a director of certain subsidiaries within IGB Group; and a daughter of DSRT; and a sister of GTHC.
- <sup>(e)</sup> TMS is a NIED of IGB REIT Management; an alternate to TLC on the board of IGB; and a director of certain subsidiaries within IGB Group and WSTSB Group.
- <sup>(f)</sup> TLC is a Non-INED of IGB REIT Management; the Chairman and Non-INED of IGB; a director of certain subsidiaries within IGB Group, TCNSB Group and WSTSB; and a sister of TBL.
- <sup>(g)</sup> TBL is a Non-INED of IGB REIT Management; the Deputy Group CEO and alternate to DSRT on the Board of IGB; a director of certain subsidiaries within IGB Group, TCNSB Group and WSTSB Group; and a brother of TLC.
- <sup>(h)</sup> 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.
- <sup>(i)</sup> 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.
- <sup>(j)</sup> 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.
- <sup>(k)</sup> 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.
- <sup>(l)</sup> WSTSB is a major UH of IGB REIT; a major SH of IGB; and a person connected to DSRT, PTSM, TTCK, TCNSB and TKYSB.
- <sup>(m)</sup> DYCI is a director of certain subsidiaries within IGB Group; a son of PTSM; and an alternate to PTSM on the board of WSTSB Group.
- <sup>(n)</sup> GTHC is a director of certain subsidiaries within IGB Group; and a daughter of DSRT; and a sister of ETHN.



# AUDIT COMMITTEE REPORT

The Audit Committee (AC), formed on 7 May 2012, is to assist the Board of Directors (Board or Directors) of IGB REIT Management (the Manager of IGB REIT) in fulfilling its oversight responsibilities for the financial reporting process, the system of 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 terms of reference which can be viewed on IGB REIT's website, full access to and co-operation from 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.

AC is pleased to present its report on the activities carried out during the year to 31 December 2020 (FY2020) and to the date of this report in conducting its affairs and discharging its responsibilities.

This Report is current as at 25 January 2021 and has been approved by the Board.

## COMPOSITION

AC comprises 3 members, all of whom are Independent Non-Executive Directors. AC is chaired by Halim bin Haji Din (AC Chairman) and the members are Tan Sri Dato' Prof. Lin See Yan and Lee Chen Chong whose biographies are set out in this Annual Report (AR2020) under the heading **Profile of Directors**. None of AC members are employed by or otherwise affiliated with the external auditor (EA) of IGB REIT. All AC members have accounting or related financial management expertise or experience.

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 FY2020, 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.

## MEETINGS AND ATTENDANCE

AC meetings in 2020 were pre-arranged in April 2019 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 via electronic means are delivered within 5 days from the date of the meeting to enable ample time for members to review the information and to obtain such details and explanations where necessary.

4 meetings were held during FY2020 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 Compliance/Company Secretary and Head of Investment 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 with EA, 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 Chairman also permitted internal and external auditors to contact him at any time that they became aware of incidents or matters in the course of their audits or reviews that needed his attention or that of AC or the Board. Matters of significant concern raised by internal and external auditors noted by AC requiring the Board's notice, direction and approval were highlighted and reported by AC Chairman at the Board meetings. AC minutes were included in Directors' materials for meetings.

## SUMMARY OF FUNCTIONS AND DUTIES

Throughout 2020, AC executed various strategies and actions to discharge its duties and responsibilities effectively. Principal activities performed during FY2020 and to the date of this report are as follows:

### (a) Financial Reporting

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

# AUDIT COMMITTEE REPORT

(continued)

- (ii) Reviewed the quarterly unaudited financial results of IGB REIT for 4Q2019, 1Q2020, 2Q2020 and 3Q2020, which were announced via the regulatory information service (BursaLINK) immediately after the Board's approvals, respectively on 22 January 2020, 22 April 2020, 20 July 2020 and 26 October 2020, and IGB REIT Financial Statements FY2019 which were submitted via BursaLINK on 27 February 2020. AC concluded that the quarterly results and IGB REIT Financial Statements FY2019 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 FY2019 (AFS2019), and concluded that AFS2019 complied with the applicable MFRS. A copy of AFS2019 was submitted to the Securities Commission Malaysia on 12 June 2020.
- (v) Reviewed the declaration of IGB REIT's distributable income for 1Q2020, 2Q2020 and 3Q2020 of 1.94 sen per unit (1.90 sen taxable and 0.04 sen non-taxable) (1Q2020 Distribution), 0.62 sen per unit (0.59 sen taxable and 0.03 sen non-taxable) (2Q2020 Distribution) and 2.11 sen per unit (2.09 sen taxable and 0.02 sen non-taxable) (3Q2020 Distribution), which were paid to the unitholders (UHs) respectively on 29 May 2020, 28 August 2020 and 27 November 2020 after the approval of the Board.

Subsequent to FY2020, AC had at its meeting on 25 January 2021, considered and reviewed the financial reporting checklist FY2020 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 FY2020 and, in all material respects, IGB REIT Financial Statements FY2020 complied with the applicable MFRS as well as disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and fairly present the results of the operations, cash flow and financial position of IGB REIT. AC had also reviewed IGB REIT's 4Q2020 financial results and distributable income of 2.08 sen per unit (2.06 sen taxable and 0.02 sen non-taxable) (4Q2020 Distribution), which would be paid to UHs on 26 February 2021. Cumulatively, for FY2020, total income distribution was RM240.5 million or 6.75 sen per unit (FY2019: 9.16 sen per unit).

## (b) External Audit

- (i) Reviewed EA's audit report of IGB REIT Financial Statements FY2019 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 2020 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 management, the terms of engagement of PricewaterhouseCoopers PLT (PwC) for the audit of IGB REIT Financial Statements FY2020 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 22 January 2020 and 26 October 2020 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 FY2020, AC carried out the following duties at its meeting on 25 January 2021:

- (i) Reviewed the results of EA's audit report on the conduct of IGB REIT Financial Statements FY2020, the audit findings together with recommendations, including key audit matters.
- (ii) Reviewed and deliberated on matters relating to internal control highlighted by EA in the course of their audit of IGB REIT Financial Statements FY2020.
- (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 FY2020, 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 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, Certified Internal Auditor (USA), Certified Risk Management Assurance (USA), Fellow Chartered Accountant (Australia), Fellow member 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 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. The 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 the Risk Management and Sustainability Committee (RMSC) in the areas of risk management, sustainability and business continuity. In addition, the Head of GIA is a member of the Whistleblowing Committee and Anti-Bribery and Corruption Committee for IGB Group. She also manages the Feedback channel for IGB REIT.

The following is a summary of IA's work reviewed and/or approved by AC during FY2020 and to the date of this report:

- (i) Reviewed and approved at AC meeting on 23 October 2019, the IA 2020 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 25 October 2020, the IA 2021 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 19 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 Corporate Liability implementation, operational audits on internal controls of Advertising & Promotions, Building Services, The Gardens Club, Marketing, Procurement, Safety & Health and Leasing (tenancy agreements and tenancy related deposits), risk management on cybersecurity and fraud, special assignments on tenant sales verification audit, review of new systems and progress reports for audits of Security, Social Media, Safety & Health and Finance operations. 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 RM229,000 for GIA services in FY2020.

## (d) Risks and Control Environment

The Board has assigned oversight of IGB REIT's risk management function to RMSC whose responsibilities include, amongst others, determining the strategic approach to risk and setting the risk appetite, understanding the significant risks and ensuring the adequacy and reliability of the risk management processes and system of internal controls. The IA function, as part of their audit review, provides objective assurance to AC that the significant business risks are managed appropriately and the strategy and risk framework is operating effectively. Based on information and explanations by management and discussion with EA on the results of their audit, AC was generally satisfied with the adequacy and integrity of 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 FY2020.

## AUDIT COMMITTEE REPORT

(continued)

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 AR2020 under the heading Statement on Risk Management and Internal Control.

(e) Recurrent RPT (RRPT)

During FY2020, IGB REIT entered into RRPT as disclosed in the Corporate Governance Overview Statement contained in AR2020. 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 FY2020, AC had at its meeting on 25 January 2021, reviewed the circular in relation to the renewal of UH mandate for RRPT which is set out in the Circular to Unitholders- RRPT Mandate to be sought at the Ninth Annual General Meeting to be held in April 2021, and having considered, amongst 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.

(f) Annual Reporting

AC had at its meeting held on 25 January 2021 reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in AR2020, and whereupon recommendation was submitted and approved by the Board.

### CONTINUING PROFESSIONAL DEVELOPMENT

During the year, AC members attended various seminars and webinars to enhance their knowledge to efficiently discharge their duties as Directors of the Manager as well as to keep themselves abreast with the changes and updates on technical competencies in their respective fields of expertise. Details of the training that they attended during FY2020 are set out in Appendix 1 of the Corporate Governance Overview Statement.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

The Board maintains its overall responsibility to ensure a framework of risk management and internal controls is in place to maintain the continued high level of corporate governance. The Risk Management and Sustainability Committee (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 to be reviewed annually by 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 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 RMSC to ensure that exposures are within the approved risk appetite in consultation with the Audit Committee (AC). The Board assesses the adequacy and effectiveness of internal controls on an annual basis. Management are responsible to ensure 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 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 to be reviewed annually to ensure its adequacy for operational response and recovery.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

## ANTI-BRIBERY & CORRUPTION POLICY

In February 2020, IGB established the IGB Group Anti Bribery and Corruption Policy (ABC) in line with the changes introduced by 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 RMSC.

The ABC is to be 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.

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

### *Anticipation & Accountability*

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

### *Compliance & Training*

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

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

This Statement is current as at 25 January 2021 and has been approved by the Board.



# SUSTAINABILITY STATEMENT

## INTRODUCTION

We are pleased to present IGB REIT's Sustainability Statement for the financial year ended 31 December 2020 (FY2020).

This report discloses our management of material economic, environmental, and social risks and opportunities, as we work towards achieving our goal of sustainably managing our portfolio of investment properties.

This Sustainability Statement covers the period from 1 January 2020 to 31 December 2020, on the performance of the two malls within our portfolio – Mid Valley Megamall (MVM) and The Gardens Mall (TGM).

MVM and TGM are both located in Mid Valley City, in the heart of the Klang Valley.

## SUSTAINABILITY IN THE FOREFRONT

Our commitment towards sustainable operations is demonstrated by balancing our economic aspirations with having genuine care and respect for people and the communities we operate in. We strongly believe that a focus on sustainability not only strengthens our social licence to operate, but also enhances our ability to run our businesses efficiently, competitively, and generatively into the future.

The year under review was unprecedented, with the global health pandemic impacting nations and economies worldwide. However, COVID-19 has made it even clearer that we live in a profoundly interconnected world. For us, the pandemic proved the viability and importance of our sustainability agenda not just for our stakeholders and investors, but also our employees, tenants, shoppers and the larger community.

The pandemic has prompted industries and companies worldwide to prioritise survivability over sustainability. However, as we plan for what is next after COVID-19, we strongly believe sustainability must be at the front and centre of our corporate strategy.

The Board of Directors (Board) of IGB REIT Management Sdn Bhd, the Manager of IGB REIT, remains firmly committed to driving sustainability within its business, propelling continued growth through proactive asset management. We believe that it is by doing so that we can continue to enhance the value proposition of both MVM and TGM, ensuring their continued commercial viability without compromising our commitment to sustainability.

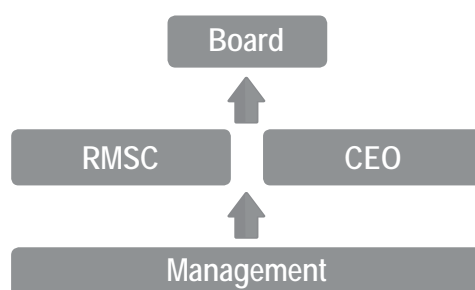
## OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Our commitment to sustainability begins with an established governance model.

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

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

IGB REIT's Sustainability Governance Structure is as follows:





# SUSTAINABILITY STATEMENT

(continued)

## MATERIALITY PROCESS

Our Sustainability Statement is guided by an internal materiality assessment process to sufficiently address the interest of our stakeholders alongside our growth aspirations. The material factors derived from our annual materiality assessment ensure that the information provided is timely, meaningful and comparable.

To conduct our materiality assessment, we procured feedback from our stakeholders through various feedback channels as well as through interactions our teams have with them as part of their day-to-day operations.

*Table 1: Summary of Stakeholder Feedback Channels*

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

The 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 matrix included in Bursa Malaysia Securities Berhad's Sustainability Reporting Guide.

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

*Table 2: List of Material Sustainability Matters*

Material Sustainability Matters
Enriching Communities
Human Capital Management
Health & Safety
Community Engagement
Energy Conservation
Water Management
Waste Management
Security

As part of an internal assessment of our sustainability framework, policies and practices, we conducted an exercise to determine if there was a need to revise and reprioritise the sustainability matters previously identified.

It was concluded that the identified materiality matters remained relevant to our stakeholders and business. The results of the assessment were included in a report and tabled to RMSC as well as the Audit Committee.

# SUSTAINABILITY STATEMENT

(continued)

## Economic: Enriching Communities

We take our role as a corporate citizen seriously, and our priority remains serving and strengthening our communities and markets in tangible ways. This was even more important during the year under review, as the community around us navigated the 'new normal' and found ways to mitigate the impact from the health pandemic.

To this end, we continued to upgrade the infrastructure within our malls, and work with our neighbours, including commercial, hospitality, residential, and retail businesses within the vicinity of Mid Valley City, to improve overall experience for visitors to the area.

During the year, much emphasis was given to protect the health and safety of our employees, tenants and shoppers. Investments were made to equip the mall with hand sanitizers, placed at multiple touchpoints within MVM and TGM, as well as thermal scanners for daily temperature reading.

## Environmental: Water Management

Water is a key element in our everyday life. Despite its abundance in some areas, millions of people around the world are still facing water scarcity due to lack of infrastructure, uneven distribution and access, contamination and adverse weather condition. Rapid industrialisation, deforestation, unsustainable agricultural practices and fast-growing populations are putting pressure on organisations to understand how water issues can de-stabilise, radically alter, or halt business performance.

Despite having plenty of rainfall, Malaysia still encounters water shortages in some states for a certain period each year. Water rationing and unscheduled interruptions over recent years have adversely affected various industries and investors' confidence. In fact, hydrologists have warned that we could face a water crisis in 2025 if we are not careful.<sup>1</sup>

Given this landscape, it is clear that we need to do our part to use water responsibly. On our end, a collective effort has been made to both reduce the consumption of water within our malls as well as increase the efficiency with which we use it.

During the year under review, the overall consumption of water between the two malls decreased despite increased cleaning and sanitising activities. MVM recorded a drop of 23% (96.982m<sup>3</sup>) in water usage in 2020, while TGM recorded a decrease of 25% (77.481m<sup>3</sup>) in water usage.

**Table 3: Annual Water Consumption (2016-2020)**

Year	m <sup>3</sup>		Total	Total Change (%)
	MVM	TGM		
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)

The reduction in usage was the result of the Movement Control Order (MCO), Conditional Movement Control Order (CMCO) and Recovery Movement Control Order (RMCO) arising from the Covid-19 pandemic. MVM and TGM reduced the cooling tower operations, reviewed the water pump operation, upgraded the cooling tower accessories and repaired the water valves. This year, we also made the conscious decision to replace our toilet flush mechanism from a full flush system to a dual flush system, allowing for more efficient water usage.

Moving forward, we will continue monitoring our water consumption and carry out investigations when there is a significant increase in usage. We will also conduct regular reviews to identify areas where we can increase water efficiency and decrease water consumption.

## Environmental: Waste Management

Waste management plays an extremely important role in the global cleanliness and sustainability drive and plays a vital role in people's health and the conservation of resources.

IGB REIT continued its effort in managing waste disposal in a responsible manner to ensure the well-being of our tenants, customers and the community at large. Besides being one of the key platforms in which we create sustainability awareness among employees, it is also part of our commitment and contribution towards our environment for the benefit of the future generation.

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

<sup>1</sup> <https://www.nst.com.my/opinion/leaders/2020/01/557536/nst-leader-managing-our-water-resources>

# SUSTAINABILITY STATEMENT

(continued)

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 2 tonnes per pull, the total amount of waste disposed of from 2016, when we first started our sustainability reporting, to 2020, is as follows:

**Table 4: Annual Volume of Waste Disposed (2016 to 2020)**

Year	Total Pulls	Total Tones	Change in Total Pulls (%)
2016	2,547	5,094	Base year
2017	2,372	4,744	(6.9)
2018	2,087	4,174	(12.0)
2019	2,096	4,192	0.4
2020	1,792	3,584	(14.5)

At an estimated conversion rate of 1.5 tonnes per pull, the total amount of recyclable materials collected from 2016 to 2020 is as set out in the table below.

**Table 5: Total Volume of Recyclable Materials Collected (2016-2020)**

Year	Total pulls*	Total Tonnes	Change in Total Pulls (%)
2016	230	345	Base year
2017	230	345	0
2018	249	374	8.3
2019	286	429	14.9
2020	230	345	(19.6)

The malls also actively carry out food composting efforts since 2012. Our food composting programme was halted temporarily in 2018 as the supplier of the compost catalyst material ceased operations. We resumed operation in 2019 with a new supplier.

However, the MCO and CMCO periods affected our composting initiative. We resumed this activity during the RMCO. The volume of food composted from 2016 to 2020 is as set out below.

**Table 6: Volume of Food Composted (2016 to 2020)**

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)

## Environmental: Energy Consumption

Energy is an essential commodity for growth, a significant resource to fuel progress and contribute towards a better quality of life. Energy underscores progress as it spurs growth across multiple industries and is an essential component for shaping the quality of one's life.

As one of our sustainability agendas and a pillar to our carbon emission reduction strategy, we continue to implement energy efficient initiatives across our business operations to achieve our energy reduction target. We monitor and track our energy consumption to measure our energy efficiency and its impact on our overhead, cost and return of investment.

Energy makes up the largest cost component for our malls, accounting for approximately 19.8% of IGB REIT's total operating cost for the financial year ending 2020. The electricity expenses in 2020 amounted to RM29.4 million, a marked decrease compared to RM41.1 million in 2019. This dip was partially a result of the decreased use of electricity during MCO, CMCO and RMCO, as well as rebates given by Tenaga Nasional Berhad. The 11% and 23% of MVM and TGM power usage to produce chilled water have been charged back to components within the Mid Valley City. Both MVM and TGM have reviewed the chiller plant operations, ventilation fans operations and lighting operations. The upgrading of the Building Automation System (BAS) has also reduced wastage.

# SUSTAINABILITY STATEMENT

(continued)

Albeit the savings achieved, IGB REIT continued to find ways to further reduce its energy use. To that effect, we engaged an energy audit consultant to measure the efficiency of our chiller plants, recommend ways to further reduce any wastage, and increase overall efficiency. Based on the recommendations given, our team has fine-tuned the operating procedures on our chiller plants. This has shown clear improvements in energy usage.

**Table 7: Annual Electricity Consumption (kWh) (2016-2020)**

Year	MVM	kWh		Total change (%)
		TGM	Total	
2016	50,707,660	45,709,489	96,417,149	Base
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)

We remain committed to exploring new ways to continue to 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.

## Social: Health & Safety (H&S)

The health and safety of our employees, tenants and visitors are the top priority for IGB REIT. Security and occupational health and safety are our utmost priority and we have invested heavily on trainings to provide a safe and secure workplace and community.

The unprecedented COVID-19 pandemic has impacted the health and well-being of millions of people globally, bringing social and economic disruption. The pandemic has threatened the health and safety of IGB REIT's stakeholders, primarily our employees, tenants and visitors.

IGB REIT has responded swiftly to the pandemic, with the implementation of a business continuity management plan across all operations. In managing safety and health, IGB REIT focused its efforts on prompt and clear communication to employees, while the necessary personal protective equipment was procured, regular testing conducted, and travel was restricted in line with guidance from the relevant health authorities.

Workplace exposure was also limited, with the institution of work-from-home arrangements, split teams and increased frequency of cleaning and sanitisation of premises.

IGB REIT's focus on a transparent reporting culture, in addition to standardised reporting and classification procedure, has improved the consistency of injury reporting across IGB REIT's operations. All incidents that occur in our malls are recorded 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 8: Reported Health and Safety Incidences (2016 to 2020)**

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

A majority of reported incidents were a result of injuries due to slips and falls. To address this, we have continued to remind shoppers to be mindful through signages around the malls. We have also informed tenants and cleaning staff to be more vigilant about keeping floors dry and free of potential obstructions.

# SUSTAINABILITY STATEMENT

(continued)

IGB REIT takes the health and safety of our community very seriously and continues to work closely with our tenants and authorities to ensure that we provide a safe and secure environment for all who come through our doors. We regret the occurrence of all health and safety incidents that have occurred within our malls and continue to work hard to ensure the risk of recurrence is minimised.

## Social: Human Capital Management

Our people are at the heart of our business. We are committed to promoting fair employment practices and investing in the development of our people. We pride on being a nurturing organisation that provides a diverse and inclusive workplace, training and career development opportunities as well as competitive benefits to our dedicated employees.

Chartwell ITAC International Sdn Bhd (Property Manager) have engaged Mid Valley City Sdn Bhd and Mid Valley City Gardens Sdn Bhd (Service Providers) to manage the people who oversee the day to day running of our malls. This includes attracting new talent, as well as retaining and developing existing talent.

The Service Providers uphold the highest standards of professionalism and strictly adhere to a non-discriminatory employment practice. All job applicants and staff are treated fairly, regardless of their age, gender, or ethnicity, and recruitment is merit-based, with all applicants assessed on their experience, skills and ability.

Employment policies and practices are available to all employees, and strictly abide by the Employment Act and other legal statutory provisions of the country, as well as international labour provisions, where applicable. Bribery and corruption in any form are not tolerated. All employees understand these two principles to uphold professional integrity in all our dealings.

In terms of talent development, we take great pride in nurturing our organisation by providing career development opportunities. All employees are provided with equal opportunities for training and development based on their strengths and needs. Training offered include both in-house and external programmes that are relevant to their personal and professional development. On average, all employees receive a minimum of 16 hours of training a year.

Employees also receive comprehensive and competitive remuneration packages that are matched and benchmarked against competitor salary and benefit surveys as well as the general market each year. Employees are strictly rewarded based on their performance, contribution, and experience.

Comprehensive medical coverage is also offered to all employees, providing not only for access to general practitioners, but also specialist treatments, as well as hospitalisation and surgical coverage where required.

Good health and a work life balance are also actively encouraged. Where possible, recreational activities are regularly planned for employees and access to subsidised gym membership is also available.

The flexi-hours programme which was introduced a few years ago has also been well received, and we continue to work towards transitioning all staff to a 5-day work week.

## Social: Security

The global security landscape has changed in light of evolving risks, requiring stringent risk assessment and management practices. Access to timely, reliable as well as robust safety and security management systems is vital for uninterrupted business operations.

We take the security within our malls very seriously, and our teams continue to work closely with the authorities and emergency personnel to ensure that we are kept abreast of the latest threats and risks. We also have in place appropriate emergency response plans should a terrorist attack occur and conduct annual evacuation drills to familiarise our tenants and employees to prepare for any emergency. Our Auxiliary Police also continue to train with Polis Diraja Malaysia.

## BUILDING COMMUNITIES

As a responsible corporate steward, we believe in delivering sustainable futures to our stakeholders by supporting the communities in which we operate.

We co-exist in an integrated business environment alongside multicultural societies, each with its unique desires, interests and expectations for growth. The quest for lasting and self-sustaining socio-economic developments is nevertheless a shared aspiration. Embracing local norms, we work towards harnessing mutually beneficial partnerships in sharing the value we generate, making investments that are consistent with the needs of local communities.



# SUSTAINABILITY STATEMENT

(continued)

## Celebrating Diversity

During the year under review, MVM organised a Chinese New Year outing with 18 senior citizens from Ti-Ratana Welfare Society, a residence located in Kuala Lumpur. The senior citizens were treated to an energetic lion dance performance, before enjoying a sumptuous traditional spread at Dragon-i. Before leaving, each senior citizen received a celebratory red packet (Ang Pow).

To celebrate with shoppers, MVM partnered with LEGO to offer exclusive Chinese New Year promotions including special set deals as well as Meet and Greet sessions with Lego mascots.

TGM celebrated Chinese New Year with origami-themed décor. The theme was chosen to incorporate sustainable and recyclable materials in the décor. Social media giveaways, performances, and hands-on origami workshops for shoppers were organised to encourage shoppers to get involved. On social media, shoppers were encouraged to post their origami creations made with recycled materials to win dining vouchers to celebrate the new year with their families.



*Celebrating Chinese New Year with senior citizens from Ti-Ratana Welfare Society*



*Shoppers enjoyed a LEGO themed Chinese New Year celebration*



*Shoppers of TGM participating in one of the origami workshops*



*Hari Raya themed decorations to welcome to Holy Month at MVM*



*Hari Raya décor at TGM featured elements of traditional handicrafts*

Due to the health pandemic, IGB REIT was unable to celebrate Hari Raya with children from underprivileged homes as the Group does annually. Nevertheless, in the spirit of the holy month, both MVM and TGM were decked with colourful Hari Raya themed decorations for shoppers to enjoy.

From 6 – 22 November, TGM celebrated its Indian and Hindu community with a Deepavali kolam and décor. To adhere to social distancing guidelines, performances were scrapped, but they were still represented in the kolam's design. The kolam featured the images of eight traditional Indian dancers and various traditional instruments atop a platform. A board explaining the various traditional dances and instruments featured in the display was erected to give shoppers a deeper understanding and appreciation for traditional Indian art and culture.



*The kolam featured at TGM's concourse*

## SUSTAINABILITY STATEMENT

(continued)

Similarly, for Christmas, the malls were unable to host a physical celebration, but donated art and craft materials for children from Home of Peace, Kuala Lumpur. For the first time, MVM moved its Christmas celebration online, giving shoppers at home the opportunity to meet Santa and participate in a Catch & Win contest on the mall's Instagram platform. Shoppers at the mall continued to enjoy a safe and secure experience, while taking in the mall's festive decorations.



*Celebrating a virtual Christmas for the first time!*



*Left: Shoppers could purchase groceries from Jaya Grocer to donate to TGM's Community Pantry*

*Right: Representatives from TGM helped PERTIWI distribute the donated groceries to B40 families*

Christmas at TGM saw another round of its Community Pantry collaboration with PERTIWI Soup Kitchen after completing the first round in September. Working with its tenant, Jaya Grocer, shoppers purchased groceries that were pre-selected by PERTIWI Soup Kitchen to be donated to the B40 community in Kuala Lumpur. Upon completion of the campaign, representatives from TGM then visited the PERTIWI distribution centre in Kuala Lumpur to help volunteers distribute the groceries and some TGM Care Kits to the underprivileged families.

### Sharing & Caring for the Community

In March 2020, as the number of COVID-19 cases were on the rise, several initiatives were implemented to reward and build shoppers' confidence in shopping at TGM. For example, the Foodie Happy Hour dining voucher giveaway, complimentary parking, free hand sanitiser refill, and also the distribution of Care Kits when shoppers downloaded The Gardens Club app. To lift spirits, shoppers were also asked to share their favourite moments at TGM on social media to stand a chance to win shopping vouchers.



*Left: Back in March 2020, when it was sold out in most stores, shoppers received free hand sanitiser refills from the mall.*

*Right: Shoppers received a Care Kit when they downloaded The Gardens Club app.*

Throughout the MCO, CMCO, and RMC0, TGM updated its followers on mall happenings via social media and the mall's website. Followers were informed of mall operations during the various MCOs, sanitising exercises, implementation of COVID-19 Standard Operating Procedures (SOPs), tenant promotions and new product highlights, and online contests in the form of photo/video posting.



*Example of images posted on social media to inform shoppers about sanitising exercises & the implementation of COVID-19 SOPs*



# SUSTAINABILITY STATEMENT

(continued)

As one of the most important stakeholders, TGM organised rewards programmes for shoppers to keep the mall at the top of their minds when choosing a place to shop. In August, TGM organised its *RE:Launch 2020* campaign. Bonus rewards were revealed daily, and shoppers looked forward to see what they could receive that day. Reusable shopping bags were also distributed to shoppers who participated but did not manage to receive a bonus reward.



*Shoppers stood a chance to be rewarded with bonus rewards daily*

## Engaging Virtually

This year brought many new challenges for IGB REIT, in ensuring its connection to shoppers. The MCO and CMCO meant that footfall was significantly reduced, as communities remained in-doors and at home. While challenging, this period inspired the teams to push boundaries and find new ways to engage with shoppers.

In April 2020, at the height of the MCO, MVM organised a social media session encouraging shoppers at home to build a LEGO castle based on their own creativity. Shoppers then were required to share their creation on MVM's Facebook page for the chance to win exclusive LEGO sets. MVM also hosted a virtual contest where shoppers were required to answer simple questions to win LEGO sets. This contest was organised twice, once during Chinese New Year and again during the RMCO.

As shoppers returned to the mall during the RMCO period, MVM put together a *New Me* promotion to welcome visitors. For this campaign, shoppers who spent RM200 and above in single receipt at specialty stores were able to redeem a Care Pack. The *New Me* campaign was also extended online where the MVM Facebook community was invited to share their self-discovery stories during the 'new normal' for the chance to win a *New Me* pouch.



*New Me themed items for shoppers*



*Visitors shopped to redeem unique New Me themed items*

Throughout the year, IGB REIT also shifted much of its focus on supporting communities at home by creating and sharing a series of self-enrichment content through social media, sharing tips and ideas for those at home to continue learning despite the MCO.

## Supporting Front-liners

Without a doubt, our front-liners faced their biggest and most daunting challenge during the year under review. 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, MVM organised three blood donation drives to support Pusat Darah Negara (PDN). These activities were held in April, September and November to drive public awareness and participation.



*Blood Donation Drive from April to June 2020 by PDN to drive public awareness and participation*



*Blood Donation Drive was organised in September 2020 during the RMCO period in support of PDN*

## SUSTAINABILITY STATEMENT

(continued)

Additionally, to keep the community safe, MVM and TGM offered face masks to shoppers with a minimum donation of RM1.00 at all mall entrances. All proceeds are channelled towards purchasing 3-ply masks for our front-liners in PDN. This initiative, which kicked off in April 2020 is on-going. To-date, a total of 4,490 boxes have been donated.



*Shoppers received face masks by donating RM1 for front-liners. A total of 4,490 face masks were donated to front-liners.*

We showed appreciation for our own front-liners for their efforts in keeping the mall running on the giant LED screen in TGM. The LED screen and digital standees also displayed the mall's reminders to adhere to COVID-19 SOPs to protect the community.



*Left: Front-liner appreciation video*

*Right: Gentle reminders to adhere to COVID-19 SOPs*

### Sponsorship, Charitable Support and Other Events

Throughout the year, MVM also lent their support to various organisations through offering free promotional spaces for campaigns and programmes. The organisations supported this year are set out below.

TSM Blood Donation Drive
--------------------------

DBKL Tax Assessment Collection Counter 2020 (February)
--

World Sight Day by Focus Point
--------------------------------



*Shoppers were educated about proper eye care by Focus Point in conjunction with World Sight Day*

### LOOKING AHEAD

With global market conditions expected to remain challenging and the world still in the grips of the pandemic, active sustainability initiatives and robust systems of oversight are critical.

Our comprehensive sustainability framework has kept IGB REIT agile and effective in uncertain times, sustaining our growth and steering us to new strengths. We will continue to refine our structure and identify new areas of improvements to implement innovative solutions in our development.

We will maintain a close watch on the rapidly evolving market conditions, but we are confident that we have the right structure and team in place to maintain the momentum to lead IGB REIT towards greater resilience and recovery.



## FINANCIAL STATEMENTS

31 December 2020

▪ Manager's Report	56 - 58
▪ Statement by the Manager	59
▪ Statutory Declaration	59
▪ Trustee's Report	60
▪ Independent Auditors' Report	61 - 64
▪ Statements of Financial Position	65
▪ Statements of Comprehensive Income	66
▪ Statements of Changes in Net Asset Value	67
▪ Statements of Cash Flows	68
▪ Notes to the Financial Statements	69 - 106

## 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 2020.

### 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:-

- 1.94 sen per unit (@ 1.90 sen taxable and 0.04 sen non-taxable) for the period from 1 January 2020 to 31 March 2020, which was paid on 29 May 2020;
- 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, which was paid on 28 August 2020;
- 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, which was paid on 27 November 2020; and
- 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, which is payable on 26 February 2021.

### 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, since the date of the last 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 (Appointed on 11.06.2020)  
 Tan Boon Lee (Appointed on 26.08.2020)  
 Robert Ang Kim Park (Appointed on 26.08.2020)  
 Daniel Yong Chen-I (Resigned on 25.01.2021)

# 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 2020, 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 01.01.2020/ Date of appointment	Addition	Disposal/ Transferred/ Ceased	Balance at 31.12.2020
Dato' Seri Robert Tan Chung Meng				
Direct	14,739,081	200,000	-	14,939,081
Indirect	1,914,157,744	23,616,753	(27,961,606)	1,909,812,891
Tan Lei Cheng				
Direct	1,853,742	-	-	1,853,742
Indirect	345,722	-	(345,722)	-
Daniel Yong Chen-I (Resigned on 25.01.2021)				
Direct	622,132	-	-	622,132
Indirect	1,080,898	-	-	1,080,898
Elizabeth Tan Hui Ning				
Direct	3,579,000	255,000	-	3,834,000
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.



## MANAGER'S REPORT

(continued)

### OTHER INFORMATION (continued)

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

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

- (a) any charge on the assets of the Group or of the Fund which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or of the Fund which has arisen since the end of the financial year.

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

In the opinion of the Manager:-

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

### MATERIAL LITIGATION

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

### SOFT COMMISSION

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

### HOLDING COMPANY

The Manager regards IGB Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Securities, as the 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 23 February 2021.

**DATO' SERI ROBERT TAN CHUNG MENG**  
MANAGING DIRECTOR

**HALIM BIN HAJI DIN**  
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 2020 and of their financial performance and cash flows for the financial year ended 31 December 2020.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 23 February 2021.

DATO' SERI ROBERT TAN CHUNG MENG  
MANAGING DIRECTOR

HALIM BIN HAJI DIN  
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 23 February 2021.

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 2020. 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 2020 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 2020 as follows:-

- 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, which was paid on 29 May 2020;
- 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, which was paid on 28 August 2020;
- 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, which was paid on 27 November 2020; and
- 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, which is payable on 26 February 2021.

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

**NURIZAN BINTI JALIL**  
CHIEF EXECUTIVE OFFICER

Selangor,  
Date: 23 February 2021

# 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 2020, and of their financial performance and their cash flows for the 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 2020 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 for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 106.

### 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' Code of Ethics for Professional Accountants ("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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>1) <u>Fair value of investment properties</u></p> <p>As at 31 December 2020, 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) <u>Fair value of investment properties</u> (continued)</p> <p>The existence of significant judgement and estimation uncertainty could result in material misstatement, which is why we have given special audit focus and attention to this area.</p> <p><i>Refer to Note 3(b) (Summary of Significant Accounting Policies – Investment Properties), Note 4 (Critical Accounting Estimates and Judgements) and Note 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, outgoing expenses and allowance for void, by agreeing them to the underlying lease data or comparing to historical trends. We also assessed the reasonableness of the capitalisation rates 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 and the outgoings, and the appropriateness of assumptions and estimates disclosed in the financial statements.</p> <p>Based on the above procedures performed, we did not identify any material exceptions.</p>
<p>2) <u>Accounting for rental rebates granted to tenants</u></p> <p>Total rental rebates granted by the Group and the Fund under the rental support programme offered to eligible tenants affected by the COVID-19 pandemic amounted to RM81.5 million, of which RM73 million was recognised as a reduction to rental income and service charge in the financial year ended 31 December 2020.</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 rebates might be accounted for as lease modification under MFRS 16, or extinguishment of lease payments under MFRS 9 as a policy choice.</p> <p>The various facts and circumstances in which the rental rebates were granted will ultimately impact the accounting for rental rebates, which is why we have given special audit focus and attention to this area.</p> <p><i>Refer to Note 3(0) (Summary of Significant Accounting Policies - Leases) and Note 13 Gross 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 rebates granted.</p> <p>We obtained and reviewed samples of lease agreements and the credit notes issued for rental rebates granted to assess the facts and circumstances surrounding the rental rebates 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 that the appropriate accounting policy choice treatment has been applied.</p> <p>We checked the mathematical accuracy of management's workings between rental rebates 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 rebates 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 the Financial Highlights, Management Discussion and Analysis, Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control, Sustainability Statement, Manager's Report and Trustee's Report, but does not include the financial statements of the Group and of the Fund and our auditors' report thereon.

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

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

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

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

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

### Auditors' responsibilities for the audit of the financial statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Fund's internal controls.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Manager.
- (d) Conclude on the appropriateness of the Directors of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or 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, related safeguards.

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 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  
23 February 2021



# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Fund	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current assets</b>					
Plant and equipment	5	3,602	5,655	3,602	5,655
Investment properties	6	4,960,000	4,960,000	4,960,000	4,960,000
Investment in subsidiary	7	-	-	- *	- *
<b>Total non-current assets</b>		<b>4,963,602</b>	<b>4,965,655</b>	<b>4,963,602</b>	<b>4,965,655</b>
<b>Current assets</b>					
Trade and other receivables	8	35,444	29,787	64,593	58,240
Cash and bank balances	9	221,880	225,509	192,731	197,056
<b>Total current assets</b>		<b>257,324</b>	<b>255,296</b>	<b>257,324</b>	<b>255,296</b>
<b>Total assets</b>		<b>5,220,926</b>	<b>5,220,951</b>	<b>5,220,926</b>	<b>5,220,951</b>
<b>Financed by</b>					
<b>Unitholders' fund</b>					
Unitholders' capital	10	4,483,011	4,462,484	4,483,011	4,462,484
Accumulated losses		(682,242)	(678,521)	(682,242)	(678,521)
<b>Total unitholders' fund</b>		<b>3,800,769</b>	<b>3,783,963</b>	<b>3,800,769</b>	<b>3,783,963</b>
<b>Non-current liabilities</b>					
Borrowings	11	1,199,545	1,199,285	-	-
Trade and other payables	12	-	-	1,199,545	1,199,285
<b>Total non-current liabilities</b>		<b>1,199,545</b>	<b>1,199,285</b>	<b>1,199,545</b>	<b>1,199,285</b>
<b>Current liabilities</b>					
Borrowings	11	14,755	14,900	-	-
Trade and other payables	12	205,857	222,803	220,612	237,703
<b>Total current liabilities</b>		<b>220,612</b>	<b>237,703</b>	<b>220,612</b>	<b>237,703</b>
<b>Total liabilities</b>		<b>1,420,157</b>	<b>1,436,988</b>	<b>1,420,157</b>	<b>1,436,988</b>
<b>Total unitholders' fund and liabilities</b>		<b>5,220,926</b>	<b>5,220,951</b>	<b>5,220,926</b>	<b>5,220,951</b>
<b>Net asset value ("NAV")</b>					
- before income distribution		4,041,283	4,108,669	4,041,283	4,108,669
- after income distribution		<b>3,800,769</b>	<b>3,783,963</b>	<b>3,800,769</b>	<b>3,783,963</b>
<b>Number of units in circulation ('000 units)</b>	10	<b>3,560,560</b>	<b>3,548,828</b>	<b>3,560,560</b>	<b>3,548,828</b>
<b>NAV per unit (RM)</b>					
- before income distribution		1.1350	1.1578	1.1350	1.1578
- after income distribution		<b>1.0675</b>	<b>1.0663</b>	<b>1.0675</b>	<b>1.0663</b>

\* 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 2020

	Note	Group and Fund	
		2020 RM'000	2019 RM'000
Gross rental income		330,846	401,441
Revenue from contracts with customers		134,393	150,691
<b>Gross revenue</b>	<b>13</b>	<b>465,239</b>	<b>552,132</b>
Utilities expenses		(36,060)	(49,502)
Maintenance expenses		(23,630)	(26,320)
Quit rent and assessment		(15,932)	(15,024)
Reimbursement costs	<b>14</b>	<b>(68,038)</b>	<b>(50,057)</b>
Other operating expenses/upgrades		(4,901)	(12,443)
<b>Property operating expenses</b>		<b>(148,561)</b>	<b>(153,346)</b>
<b>Net property income</b>		<b>316,678</b>	<b>398,786</b>
Interest income		6,184	7,128
<b>Net investment income</b>		<b>322,862</b>	<b>405,914</b>
Manager's management fees	<b>15</b>	<b>(31,425)</b>	<b>(35,499)</b>
Trustees' fees		(320)	(320)
Valuation fees		(118)	(117)
Other trust expenses		(1,001)	(1,058)
Finance costs	<b>16</b>	<b>(53,205)</b>	<b>(53,060)</b>
<b>Profit before taxation</b>		<b>236,793</b>	<b>315,860</b>
Taxation	<b>17</b>	-	-
<b>Profit after taxation</b>		<b>236,793</b>	<b>315,860</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income attributable to unitholders</b>		<b>236,793</b>	<b>315,860</b>
<b>Profit after taxation is made up as follows:-</b>			
Realised		236,793	315,860
Unrealised		-	-
		<b>236,793</b>	<b>315,860</b>
<b>Basic earnings per unit (sen)</b>	<b>18</b>	<b>6.65</b>	<b>8.91</b>
<b>Diluted earnings per unit (sen)</b>	<b>18</b>	<b>6.65</b>	<b>8.91</b>
Total comprehensive income		236,793	315,860
Distribution adjustments	<b>19</b>	23,044	25,994
<b>Distributable income</b>		<b>259,837</b>	<b>341,854</b>
<b>Distribution per unit (sen)</b>	<b>19</b>	<b>6.75</b>	<b>9.16</b>

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

# STATEMENTS OF CHANGES IN NET ASSET VALUE

For the Financial Year Ended 31 December 2020

	Note	Unitholders' capital RM'000	Accumulated losses* RM'000	Total unitholders' funds RM'000
<b>Group and Fund</b>				
As at 1 January 2020		4,462,484	(678,521)	3,783,963
Total comprehensive income for the year attributable to unitholders		-	236,793	236,793
Distribution to unitholders	19	-	(240,514)	(240,514)
Net total comprehensive loss for the year attributable to unitholders		-	(3,721)	(3,721)
<b>Unitholders' transactions</b>				
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
<b>As at 31 December 2019</b>				
As at 1 January 2019		4,436,366	(669,675)	3,766,691
Total comprehensive income for the year attributable to unitholders		-	315,860	315,860
Distribution to unitholders	19	-	(324,706)	(324,706)
Net total comprehensive loss for the year attributable to unitholders		-	(8,846)	(8,846)
<b>Unitholders' transactions</b>				
Issue of new Units				
- Manager's management fees paid in Units	10	26,118	-	26,118
Increase in net assets resulting from unitholders' transactions		26,118	-	26,118
As at 31 December 2019		4,462,484	(678,521)	3,783,963

\* 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 2020

	Group		Fund	
	2020	2019	2020	2019
Note	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	236,793	315,860	236,793	315,860
<i>Adjustments for:-</i>				
Manager's management fee payable in Units	20,426	23,074	20,426	23,074
Finance costs	53,205	53,060	53,205	53,060
Interest income	(6,184)	(7,128)	(6,184)	(7,128)
Movement of loss allowance of trade receivables	24,769	(211)	24,769	(211)
Depreciation of plant and equipment	2,358	2,660	2,358	2,660
Plant and equipment written-off	8	16	8	16
Gain on disposal of plant and equipment	(2)	(1)	(2)	(1)
Operating income before changes in working capital	331,373	387,330	331,373	387,330
Net change in trade and other receivables	(30,878)	(1,488)	(30,884)	(1,464)
Net change in trade and other payables	(13,425)	6,644	(13,425)	6,644
Net cash generated from operating activities	287,070	392,486	287,064	392,510
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(317)	(367)	(317)	(367)
Proceeds from disposal of plant and equipment	6	1	6	1
Interest received	6,636	6,919	5,946	5,934
Movement in fixed deposits with maturity of more than 3 months	-	30	-	-
Movement in pledged deposit	(695)	(960)	-	-
Net cash generated from investing activities	5,630	5,623	5,635	5,568
<b>Cash flows from financing activities</b>				
Interest paid	(53,090)	(52,800)	(53,090)	(52,800)
Income distribution paid to unitholders	(243,934)	(327,853)	(243,934)	(327,853)
Net cash used in financing activities	(297,024)	(380,653)	(297,024)	(380,653)
Net (decrease)/increase in cash and cash equivalents	(4,324)	17,456	(4,325)	17,425
Cash and cash equivalents at beginning of the year	197,088	179,632	197,056	179,631
Cash and cash equivalents at end of the year	9 192,764	197,088	192,731	197,056

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 holding company.

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution by the Directors of the Manager on 23 February 2021.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 1 GENERAL (continued)

### (B) Fee Structure (continued)

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

Pursuant to the Deed, the Manager is entitled to receive the following fees from 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 1 GENERAL (continued)

### (B) Fee Structure (continued)

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

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.

## 2 BASIS OF PREPARATION

### (a) Statement of compliance

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

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

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

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 tenants, lower car park income and increase in expected credit losses resulted from the Movement Control Orders. 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) Standards and amendments to published standards and interpretations that are effective

The Group and the Fund have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:-

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 "Definition of Material"
- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 9, 139 & 7 "Interest Rate Benchmark Reform"

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 2020 and are applicable to the Group and the Fund are as follows:-

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

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

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 2 BASIS OF PREPARATION (continued)

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

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

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

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

The amendments shall be applied prospectively.

- Amendments to MFRS 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.

- 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.

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.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Consolidation (continued)

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Investment properties (continued)

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.

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.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Financial assets (continued)

#### (ii) Recognition and derecognition

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

#### (iii) Initial measurement

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

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

#### (iv) Subsequent measurement – gain or loss

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

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 the statement of comprehensive income and presented in other gain or loss together with foreign exchange gain and loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

#### (v) Subsequent measurement – Impairment

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

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

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

The measurement of ECL reflects:

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

#### Simplified approach for trade receivables

The Group and the Fund apply the MFRS 9 "Financial Instruments" simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. 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) month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 23.1(b) sets out measurement details 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

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

The following indicators are incorporated:-

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

##### Definition of default and credit-impaired financial assets

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

##### Quantitative criteria

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

##### Qualitative criteria

The debtor meets unlikeliness 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.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

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 statement of comprehensive income in the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (k) Borrowings (continued)

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

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

### (l) Revenue/income recognition

#### Rental income on operating leases

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 is recognised upon services being rendered to the tenants over the lease term.

#### (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 at amortised cost calculated using the effective interest method is recognised in the statement of comprehensive income as part of interest income.

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

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) Manager's management fees

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

### (n) Income tax

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

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

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

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

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (o) Leases (continued)

#### (a) Accounting by lessee (continued)

##### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (o) Leases (continued)

#### (b) Accounting by lessor (continued)

##### Operating leases

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

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

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

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

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

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

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

Rental income is shown net of incentives, rebates and discounts. The rebate is recognised in "Gross Revenue" in the same period in which the reduction is contractually agreed, as disclosed in Note 13.

##### Separating lease and non-lease components

If an arrangement contains 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 in accordance with MFRS 15 "Revenue from Contracts with Customers".

### (p) Functional and presentation currency

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

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

### (t) Distribution of income

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

Distribution of income should be made after the Manager has taken into consideration the total returns for the period, income for the period, cash flow for distribution, stability and sustainability of income and the investment objective and distribution policy of 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.

## 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 expenses and allowance for void.

Investment properties are stated at fair value based on valuations performed by Henry Butcher Malaysia Sdn. Bhd. ("Henry Butcher"), an independent registered valuer who holds a recognised relevant professional qualification and has relevant experience in valuing the investment properties.

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

Sensitivity analysis on fair value of investment properties as valued by the Valuer is disclosed in Note 6.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 5 PLANT AND EQUIPMENT

Group and Fund	Motor vehicles RM'000	Furniture and fittings RM'000	Equipment RM'000	Information technology equipment RM'000	Plant and machinery RM'000	Total RM'000
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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
<b>Carrying amounts</b>						
As at 31 December 2020	31	338	2,903	325	5	3,602

Group and Fund	Motor vehicles RM'000	Furniture and fittings RM'000	Equipment RM'000	Information technology equipment RM'000	Plant and machinery RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>							
As at 1 January 2019	691	2,695	16,332	2,255	28	123	22,124
Additions	25	85	84	173	-	-	367
Disposals	(3)	-	-	(3)	-	-	(6)
Write-offs	(1)	(28)	(51)	(18)	-	-	(98)
Reclassification	-	-	118	5	-	(123)	-
As at 31 December 2019	712	2,752	16,483	2,412	28	-	22,387
<b>Accumulated depreciation</b>							
As at 1 January 2019	629	1,837	9,788	1,889	17	-	14,160
Depreciation charge for the financial year	41	344	2,043	229	3	-	2,660
Disposals	(3)	-	-	(3)	-	-	(6)
Write-offs	(1)	(22)	(41)	(18)	-	-	(82)
As at 31 December 2019	666	2,159	11,790	2,097	20	-	16,732
<b>Carrying amounts</b>							
As at 31 December 2019	46	593	4,693	315	8	-	5,655

\* Amount below RM1,000

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 6 INVESTMENT PROPERTIES

	Group and Fund	
	2020	2019
	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 2020 and 31 December 2019 are stated at fair value based on valuations performed by independent registered valuer, Henry Butcher and One Asia Property Consultants (KL) Sdn Bhd respectively. 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 7 January 2021 issued by Henry Butcher, the fair values of MVM and TGM as at 31 December 2020 are RM3.665 billion (2019: RM3.665 billion) and RM1.295 billion (2019: 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.

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

## 6 INVESTMENT PROPERTIES (continued)

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	Impact of lower rate	Impact of higher rate	Impact of higher outgoings
		Term period	Reversionary period	Car park income	Other income*2	Outgoings	%				
		%	%	%	%	RM psf	%	RM'000	RM'000	RM'000	RM'000
MVM	Income approach	3,665,000	5.85-6.85	6.35-7.35	7.50	7.50-9.25	3.80	5.00	104,500	(92,800)	66,800
TGM	Income approach	1,295,000	5.85-6.85	6.35-7.35	7.50	7.50-9.25	4.50	5.00	31,900	(30,900)	28,800
		<u>4,960,000</u>							<u>136,400</u>	<u>(123,700)</u>	<u>95,600</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 2019 were as follows:-

## Group and Fund

Valuation technique	Fair value RM'000	Parameters						Sensitivity analysis on fair value measurements*1			
		Capitalisation rates						Allowance for void	Impact of lower rate	Impact of higher rate	Impact of higher outgoings
		Term period	Reversionary period	Car park income	Other income*2	Outgoings	%				
		%	%	%	%	RM psf	%	RM'000	RM'000	RM'000	RM'000
MVM	Income approach	3,665,000	5.60-6.60	6.10-7.10	7.00	7.00-8.75	3.80	3.00	103,700	(96,300)	66,100
TGM	Income approach	1,295,000	5.60-6.60	6.10-7.10	7.00	7.00-8.75	4.60	3.00	34,300	(30,600)	30,800
		<u>4,960,000</u>							<u>138,000</u>	<u>(126,900)</u>	<u>96,900</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 31.12.2020 %	Fair value as at 31.12.2020 RM'000	Fair value at acquisition RM'000	Percentage of fair value to NAV <sup>*2</sup> as at 31.12.2020 %
MVM	20.09.2012	31.12.2020	Kuala Lumpur	Leasehold <sup>*1</sup>	99	3,665,000	3,440,000	96.4
TGM	20.09.2012	31.12.2020	Kuala Lumpur	Leasehold <sup>*1</sup>	92	1,295,000	1,160,000	34.1
						4,960,000	4,600,000	
	Date of acquisition	Date of valuation	Location	Tenure	Occupancy rates as at 31.12.2019 %	Fair value as at 31.12.2019 RM'000	Fair value at acquisition RM'000	Percentage of fair value to NAV <sup>*2</sup> as at 31.12.2019 %
MVM	20.09.2012	31.12.2019	Kuala Lumpur	Leasehold <sup>*1</sup>	99	3,665,000	3,440,000	96.9
TGM	20.09.2012	31.12.2019	Kuala Lumpur	Leasehold <sup>*1</sup>	99	1,295,000	1,160,000	34.2
						4,960,000	4,600,000	

Notes:-

<sup>\*1</sup> The lease has a period of 99 years expiring on 6 June 2103.

<sup>\*2</sup> Based on NAV after income distribution.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 7 INVESTMENT IN SUBSIDIARY

	Fund	
	2020	2019
	RM'000	RM'000
At cost		
Unquoted shares	-*	-*

\* Denotes RM2

Name of company	Principal activities	Place of incorporation	Group's effective interest (%)	
			2020	2019
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

## 8 TRADE AND OTHER RECEIVABLES

	Group		Fund	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade receivables	32,531	3,701	32,531	3,701
Accrued billings	6,092	10,357	6,092	10,357
Amount owing by holding company	18	18	18	18
Amounts owing by related companies	1,319	1,171	1,319	1,171
Less: Loss allowance	(27,201)	(2,432)	(27,201)	(2,432)
Trade receivables – net	12,759	12,815	12,759	12,815
Deferred lease incentives	14,329	7,598	14,329	7,598
	27,088	20,413	27,088	20,413
Other receivables	241	1,364	189	1,305
Deposits	7,563	7,555	7,563	7,555
Amount owing by subsidiary	-	-	29,201	28,512
	7,804	8,919	36,953	37,372
Prepayments	552	455	552	455
	8,356	9,374	37,505	37,827
Total trade and other receivables	35,444	29,787	64,593	58,240

The carrying amounts of trade and other receivables as at 31 December 2020 and 31 December 2019 approximated their fair values. The fair values of trade and other receivables are the discounted amount of the estimated future cash flows expected to be recoverable. Expected cash flows are discounted at current market rates to determine their fair values.

The credit terms of trade receivables were seven (7) days (2019: seven (7) days).

The amounts owing by holding and related companies are trade in nature, unsecured and with credit terms of seven (7) days (2019: 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% (2019: 3.25%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 9 CASH AND CASH EQUIVALENTS

	Group		Fund	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash in hand	770	623	770	623
Bank balances	21,866	13,737	21,861	13,733
Deposits placed with licensed banks	199,244	211,149	170,100	182,700
Cash and bank balances	221,880	225,509	192,731	197,056
Less:-				
Pledged deposits	(29,116)	(28,421)	-	-
Cash and cash equivalents	192,764	197,088	192,731	197,056

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 1.68% per annum (2019: 3.22%) and 1.67% per annum (2019: 3.22% per annum) respectively.

Deposits with licensed banks of the Group and the Fund have a weighted average maturity of 39 days (2019: 55 days) and 30 days (2019: 50 days) respectively.

Included in the deposits placed with licensed banks of the Group is pledged deposit of RM29.1 million (2019: RM28.4 million), 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	Current borrowings	Distribution payable to unitholders	Total
	RM'000	RM'000	RM'000	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)
Income 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)

Group	Non-current borrowings RM'000	Current borrowings RM'000	Distribution payable to unitholders RM'000	Total RM'000
As at 1 January 2019	1,199,025	14,900	80,728	1,294,653
Cash flows:-				
Interest paid	-	(52,800)	-	(52,800)
Income distribution paid to unitholders	-	-	(327,853)	(327,853)
	-	(52,800)	(327,853)	(380,653)
Non-cash changes:-				
Amortisation of transaction costs	260	-	-	260
Accrual for interest	-	52,800	-	52,800
Distribution to unitholders	-	-	324,706	324,706
	260	52,800	324,706	377,766
As at 31 December 2019	1,199,285	14,900	77,581	1,291,766
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)
Income 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

# 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 2019	1,199,025	14,900	80,728	1,294,653
Cash flows:-				
Interest paid	-	(52,800)	-	(52,800)
Income distribution paid to unitholders	-	-	(327,853)	(327,853)
	-	(52,800)	(327,853)	(380,653)
Non-cash changes:-				
Amortisation of transaction costs	260	-	-	260
Accrual for interest	-	52,800	-	52,800
Accrual for income distribution	-	-	324,706	324,706
	260	52,800	324,706	377,766
As at 31 December 2019	1,199,285	14,900	77,581	1,291,766

## 10 UNITHOLDERS' CAPITAL

	Group and Fund			
	2020		2019	
	Number of units '000	Value RM'000	Number of units '000	Value RM'000
<b>Issued and fully paid up:</b>				
At 1 January	3,548,828	4,462,484	3,534,810	4,436,366
Issue of new Units	11,732	20,527	14,018	26,118
As at 31 December	3,560,560	4,483,011	3,548,828	4,462,484

## 11 BORROWINGS

	Group	
	2020 RM'000	2019 RM'000
<b>Current (secured):</b>		
Medium term notes	14,755	14,900
	14,755	14,900
<b>Non-current (secured):</b>		
Medium term notes	1,199,545	1,199,285
	1,199,545	1,199,285
Total	1,214,300	1,214,185

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 11 BORROWINGS (continued)

### 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.

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.

The maturity profiles of the borrowings are as follows:-

	<1 year	1 to 2 years	2 to 3 years	>3 years	Total Carrying Amount
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
<b>As at 31 December 2020</b>					
Tranche 1, MTN	14,755	1,199,545	-	-	1,214,300
	14,755	1,199,545	-	-	1,214,300
<b>As at 31 December 2019</b>					
Tranche 1, MTN	14,900	-	1,199,285	-	1,214,185
	14,900	-	1,199,285	-	1,214,185

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 11 BORROWINGS (continued)

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

	Group	
	2020 % per annum	2019 % per annum
Tranche 1, MTN	4.38%	4.38%

## 12 TRADE AND OTHER PAYABLES

		Group		Fund	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Amount due to subsidiary	a	-	-	1,199,545	1,199,285
Current					
Trade payables	b	5,667	10,688	5,667	10,688
Tenants' deposits	c	97,180	101,429	97,180	101,429
		102,847	112,117	102,847	112,117
Other payables and accrued expenses		7,811	10,699	7,811	10,699
Indirect tax payable		189	338	189	338
Prepaid rental		8,465	9,957	8,465	9,957
Amount due to holding company	d	-	17	-	17
Amount due to subsidiary	a	-	-	14,755	14,900
Amounts due to related companies	d	12,384	12,094	12,384	12,094
Distribution payable to unitholders		74,161	77,581	74,161	77,581
		103,010	110,686	117,765	125,586
Total current trade and other payables		205,857	222,803	220,612	237,703
Total trade and other payables		205,857	222,803	1,420,157	1,436,988

- (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% (2019: 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 (2019: 30 days to 90 days).
- (c) Tenants' deposits include refundable deposits received from tenants for tenancy related agreements. Tenancy tenures are generally for a period of one (1) to three (3) years.
- (d) Amounts due to holding and related companies are unsecured, interest-free (2019: interest free) and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 13 GROSS REVENUE

	Group and Fund	
	2020	2019
	RM'000	RM'000
<u>Gross rental income</u>		
- Rental income	304,729	366,273
- Rent related income	26,117	35,168
	<u>330,846</u>	<u>401,441</u>
<u>Revenue from contracts with customers</u>		
- Service charge	75,870	70,750
- Car park income	29,460	44,736
- Utilities recoverable	17,444	26,632
- Promotion partnership income	1,370	2,520
- Others	10,249	6,053
	<u>134,393</u>	<u>150,691</u>
Gross revenue	<u>465,239</u>	<u>552,132</u>
Revenue from contracts with customers is recognised by:-		
- Over time	<u>134,393</u>	<u>150,691</u>

Rental income included variable lease payments related to sales generated from tenants which approximates to 11.9% (2019: 10.3%) of gross rental income. There are no other variable lease payments that depend on an index or rate.

Total rebates granted by the Group and Fund under the rental support programme offered to eligible tenants affected by the COVID-19 pandemic amounted to RM81.5 million, of which RM73 million was recognised as a reduction to rental income and service charge in the financial year ended 31 December 2020.

## 14 REIMBURSEMENT COSTS

	Group and Fund	
	2020	2019
	RM'000	RM'000
Manpower costs	27,574	31,785
Marketing expenses	4,164	6,456
Administration expenses	30,539	6,218
Management expenses	4,138	3,923
Insurance premium	1,623	1,675
	<u>68,038</u>	<u>50,057</u>

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 15 MANAGER'S MANAGEMENT FEES

	Group and Fund	
	2020	2019
	RM'000	RM'000
Base fee	15,591	15,560
Performance fee	15,834	19,939
	<u>31,425</u>	<u>35,499</u>

For the financial year ended 31 December 2020, 65% of the total Manager's management fees has been paid/payable in Units (2019: 65%) and the remaining 35% in cash (2019: 35%), amounting to RM20,426,000 and RM10,999,000 (2019: RM23,074,000 and RM12,425,000) respectively.

## 16 FINANCE COSTS

	Group		Fund	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Borrowing costs	52,945	52,800	-	-
Interest on advances from subsidiary	-	-	52,945	52,800
Amortisation of transaction costs	260	260	260	260
	<u>53,205</u>	<u>53,060</u>	<u>53,205</u>	<u>53,060</u>

## 17 TAXATION

	Group and Fund	
	2020	2019
	RM'000	RM'000
Reconciliation of tax expense		
Profit before taxation	<u>236,793</u>	<u>315,860</u>
Income tax using Malaysian tax rate of 24% (2019: 24%)	56,830	75,806
Non-deductible expenses	8,342	4,257
Income exempted from tax	<u>(65,172)</u>	<u>(80,063)</u>
	<u>-</u>	<u>-</u>

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 2020 is approximately 92.6% (2019: 95.0%) 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	
		2020 RM'000	2019 RM'000
<b>Total comprehensive income</b>			
- Realised		236,793	315,860
- Unrealised		-	-
<b>Total</b>		<b>236,793</b>	<b>315,860</b>
<b>Weighted average number of units ('000)</b>			
Weighted average number of Units in issue		3,555,187	3,543,283
Adjustment for Manager's management fees payable in Units	a	3,420	2,987
<b>Weighted average number of Units for diluted EPU</b>		<b>3,558,607</b>	<b>3,546,270</b>
<b>Basic/Diluted EPU (sen)</b>			
- Realised		6.65	8.91
- Unrealised		-	-
<b>Total</b>		<b>6.65</b>	<b>8.91</b>

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

### Note (a):-

	Group and Fund			
	2020		2019	
	Number of units '000	Value RM'000	Number of units '000	Value RM'000
<b>Manager's management fees payable in Units</b>				
- from 1 October 2020 to 31 December 2020 at RM1.63 per Unit listed on 3 February 2021	3,420	5,575	-	-
- from 1 October 2019 to 31 December 2019 at RM1.90 per Unit listed on 30 January 2020	-	-	2,987	5,675
	<b>3,420</b>	<b>5,575</b>	<b>2,987</b>	<b>5,675</b>

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 19 DISTRIBUTION TO UNITHOLDERS

	Note	Group and Fund	
		2020 RM'000	2019 RM'000
Total comprehensive income		236,793	315,860
Distribution adjustments	a	23,044	25,994
Distributable income		259,837	341,854
Distribution per unit (sen)			
- 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	-
- for the period from 1 January 2019 to 31 March 2019		-	2.40
- for the period from 1 April 2019 to 30 June 2019		-	2.26
- for the period from 1 July 2019 to 30 September 2019		-	2.31
- for the period from 1 October 2019 to 31 December 2019		-	2.19
		6.75	9.16
<u>Sources of distribution</u>			
Gross rental income		330,846	401,441
Revenue from contracts with customers		134,393	150,691
Interest income		6,184	7,128
		471,423	559,260
Less: Expenses		(234,630)	(243,400)
Total comprehensive income		236,793	315,860
Distribution adjustments	a	23,044	25,994
Distributable income		259,837	341,854
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 distribution of 2.40 sen per unit (@ 2.36 sen taxable and 0.04 sen non-taxable) for the period from 1 January 2019 to 31 March 2019		-	(85,031)
Income distribution of 2.26 sen per unit (@ 2.22 sen taxable and 0.04 sen non-taxable) for the period from 1 April 2019 to 30 June 2019		-	(80,136)
Income distribution of 2.31 sen per unit (@ 2.27 sen taxable and 0.04 sen non-taxable) for the period from 1 July 2019 to 30 September 2019		-	(81,978)
Income distribution of 2.19 sen per unit (@ 2.15 sen taxable and 0.04 sen non-taxable) for the period from 1 October 2019 to 31 December 2019		-	(77,581)
Adjustment for prior year income distribution		-	20
Income distributed		(240,514)	(324,706)
Income retained		19,323	17,148

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 19 DISTRIBUTION TO UNITHOLDERS (continued)

		Group and Fund	
		2020	2019
	Note	RM'000	RM'000
<u>Note (a):-</u>			
Distribution adjustments comprise:-			
Manager's management fees payable in Units	15	20,426	23,074
Amortisation of transaction costs	16	260	260
Depreciation of plant and equipment	5	2,358	2,660
		<u>23,044</u>	<u>25,994</u>

Withholding tax will be deducted for distributions as follows:-

	Withholding tax rate	
	2020	2019
Resident corporate	N/A <sup>^</sup>	N/A <sup>^</sup>
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	24%	24%
Non-resident institutional	10%	10%

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

## 20 MANAGEMENT EXPENSE RATIO

	Group and Fund	
	2020	2019
Management expense ratio ("MER") (%)	<u>0.86</u>	<u>0.98</u>

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).

Since the basis of calculating MER can vary among REITs, 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	
		2020	2019	2020	2019
	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	20,563	21,734	49,712	50,187
- Cash and bank balances	9	221,880	225,509	192,731	197,056
Total financial assets		242,443	247,243	242,443	247,243
<u>Financial liabilities at amortised cost</u>					
Liabilities as per statement of financial position:-					
- Borrowings	11	1,214,300	1,214,185	-	-
- Trade and other payables excluding indirect tax and prepaid rental	12	197,203	212,508	1,411,503	1,426,693
Total financial liabilities		1,411,503	1,426,693	1,411,503	1,426,693

## 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 are limited to the nature of business which is mainly rental related and cash-based. Credit risks arising from outstanding receivables from the tenants due to the Covid-19 pandemic and resultant Movement Control Orders ("MCOs") are monitored and managed on an on-going 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 9.0% (2019: 9.5%) 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

The Group and the Fund apply simplified approach which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

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 arising from the Covid-19 pandemic and the targeted 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.

The tenants have placed security deposits in the form of cash or bank guarantees which act as collateral. In view of the above, 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, hence, the credit risk is considered to be low although the Group and the Fund have significant deposits placed with a single financial institution.

##### 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 is as follows:-

##### Trade receivables

##### Group and Fund

	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
<b>As at 31 December 2020</b>						
Trade receivables (gross)	6,586	13,324	8,178	405	11,467	39,960
Loss allowance	(407)	(8,185)	(6,742)	(400)	(11,467)	(27,201)
Trade receivables (net)	6,179	5,139	1,436	5	-	12,759
Expected credit loss rate	6.6%	61.4%	82.4%	98.8%	100.0%	
<b>As at 31 December 2019</b>						
Trade receivables (gross)	12,472	1,095	220	67	1,393	15,247
Loss allowance	(19)	(780)	(203)	(37)	(1,393)	(2,432)
Trade receivables (net)	12,453	315	17	30	-	12,815
Expected credit loss rate	0.2%	71.2%	92.3%	55.2%	100.0%	

##### Other receivables, deposits and non-trade intercompany balances

There is no impairment of other receivables, deposits and non-trade intercompany balances as the rate of default and expected credit loss rate is low.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

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

### 23.1 Financial risk factors (continued)

#### (b) Credit risk (continued)

The movement of loss allowance of trade receivables is as follows:-

	Group and Fund	
	2020	2019
	RM'000	RM'000
As at 1 January	2,432	2,643
Loss allowance	26,116	1,917
Reversal during the year	(1,347)	(2,128)
As at 31 December	27,201	2,432

The increase in the loss allowance of RM24,769,000 is arising from lower receipt and recovery from tenants as well as the significant increase in credit risk of tenants due to the Covid-19 pandemic and resultant MCOs which caused temporary closure of retail shops. Loss allowance is included in "Administration expenses" 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 REIT Guidelines concerning limits on total borrowings of the investment trust.

Cash and bank balances as at 31 December 2020 of the Group and of the Fund of RM222 million (2019: RM226 million) and RM193 million (2019: RM197 million) respectively are expected to assist in the liquidity and cash flow risk management.

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

Group	<1 year	1 to 2 years	2 to 3 years	>3 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2020</b>					
Borrowings	52,800	1,252,800	-	-	1,305,600
Trade and other payables and accruals excluding indirect tax and prepaid rental	197,203	-	-	-	197,203
<b>At 31 December 2019</b>					
Borrowings	52,800	52,800	1,252,800	-	1,358,400
Trade and other payables and accruals excluding indirect tax and prepaid rental	212,508	-	-	-	212,508



# 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)

Fund	<1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	>3 years RM'000	Total RM'000
<b>At 31 December 2020</b>					
Trade and other payables and accruals excluding indirect tax and prepaid rental	264,758	1,239,600	-	-	1,504,358
<b>At 31 December 2019</b>					
Trade and other payables and accruals excluding indirect tax and prepaid rental	280,208	52,800	1,238,885	-	1,571,893

Note:-

The amounts are contractual and undiscounted cash flows.

### 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.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total borrowings	1,214,300	1,214,185	-	-
Total intercompany borrowings	-	-	1,214,300	1,214,185
Total assets	5,220,926	5,220,951	5,220,926	5,220,951
Borrowings to total assets ratio (%)	23.3	23.3	23.3	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 for the financial year.

The financial covenants of the MTN Programme are as follows:-

- 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
- 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.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

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

### 23.2 Capital risk management (continued)

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.

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 2020, the Group and the Fund distributed approximately 92.6% (2019: 95%) of its distributable income.

### 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	
	2020	2019
	RM'000	RM'000
<b>Level 3</b>		
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 independent registered valuer. 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 fair value of cash deposits received from tenants at the reporting date is not materially different from their carrying value as the impact of discounting is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

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

### 23.3 Fair value (continued)

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			
	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
<u>Level 2</u>				
Borrowings	1,214,300	1,258,303	1,214,185	1,245,524
	Fund			
	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
<u>Level 2</u>				
Intercompany borrowings	1,214,300	1,258,303	1,214,185	1,245,524

## 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 rent support, incentive, waiver or rebate will be given to tenants, the lease receivables based on committed tenancies are as follows:-

	Group and Fund	
	2020	2019
	RM'000	RM'000
Less than one (1) year	289,861	313,604
Between one (1) and two (2) years	159,140	205,180
Between two (2) and three (3) years	72,805	82,679
Between three (3) and four (4) years	24,723	25,043
Between four (4) and five (5) years	22,862	25,306
More than five (5) years	125,467	147,707
	<u>694,858</u>	<u>799,519</u>

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 25 CAPITAL COMMITMENTS

The capital expenditure which has not been provided for in the financial statements is as follows:-

	Group and Fund	
	2020	2019
	RM'000	RM'000
Plant and equipment		
Authorised by Directors of the Manager but not contracted	1,276	5,897

## 26 SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions are carried out in the normal course of business on terms and conditions negotiated between the contracting parties.

Related party	Relationship
IGB Berhad ("IGB")	Major unitholder, the sponsor and holding company of the Fund
IGB Corporation Berhad ("IGBC")	A subsidiary of IGB
IGB REIT Management Sdn Bhd	The Manager of the Fund, a subsidiary of IGBC
IGB REIT Capital Sdn Bhd	A subsidiary of the Fund via MTrustee Berhad (acting in its capacity as trustee for IGB REIT)
IGB Digital Sdn Bhd (formerly known as AFMS Solutions Sdn Bhd)	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	Shareholder of a major unitholder of the Fund
Strass Media Sdn Bhd	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn Bhd
JVP Venture Sdn Bhd	A person connected to a director of the Manager
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

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 26 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group		Fund	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Significant related party transactions for the financial year:-</b>				
<b><u>Receivables</u></b>				
1) Utilities charges				
- IGB Properties Sdn Bhd	378	610	378	610
- Mid Valley City Enterprise Sdn Bhd	810	1,624	810	1,624
- MVC Centrepont South Sdn Bhd	883	791	883	791
- MVC Centrepont North Sdn Bhd	875	1,079	875	1,079
- Mid Valley City Hotels Sdn Bhd	1,944	3,214	1,944	3,214
- Tanah Permata Sdn Bhd	594	1,256	594	1,256
- Mid Valley City Southpoint Sdn Bhd	131	105	131	105
- Mid Valley City South Tower Sdn Bhd	1,585	1,999	1,585	1,999
- Mid Valley City North Tower Sdn Bhd	1,309	2,006	1,309	2,006
- Mid Valley City Energy Sdn Bhd	575	854	575	854
- Mid Valley City Developments Sdn Bhd	75	86	75	86
- Strass Media Sdn Bhd	114	134	114	134
	<b>9,273</b>	<b>13,758</b>	<b>9,273</b>	<b>13,758</b>
2) Rental of premises				
- MVEC Exhibition and Event Services Sdn Bhd	3,812	5,357	3,812	5,357
- MVC CyberManager Sdn Bhd	60	60	60	60
- JVP Venture Sdn Bhd	-	161	-	161
- Fast Casual Hospitality Sdn Bhd	251	295	251	295
- CPI Spicy Gardens Sdn Bhd	186	-	186	-
	<b>4,309</b>	<b>5,873</b>	<b>4,309</b>	<b>5,873</b>
3) Rental of light box				
- Strass Media Sdn Bhd	701	1,141	701	1,141
4) Rental of car park				
- IGB Berhad	221	222	221	222
- Tanah Permata Sdn Bhd	177	180	177	180
	<b>398</b>	<b>402</b>	<b>398</b>	<b>402</b>
5) Interest charges to				
- IGB REIT Capital Sdn Bhd	-	-	689	985

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

## 26 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group		Fund	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Significant related party transactions for the financial year:- (continued)</b>				
<b><u>Payables</u></b>				
1) Utilities charges				
- Mid Valley City Energy Sdn Bhd	31,053	41,698	31,053	41,698
- Tanah Permata Sdn Bhd	17	73	17	73
	<u>31,070</u>	<u>41,771</u>	<u>31,070</u>	<u>41,771</u>
2) Manager's management fee				
- IGB REIT Management Sdn Bhd	<u>31,425</u>	<u>35,499</u>	<u>31,425</u>	<u>35,499</u>
3) Repair and maintenance				
- Ensignia Construction Sdn Bhd	784	1,862	784	1,862
- Wah Seong (Malaya) Trading Co. Sdn Bhd	73	133	73	133
	<u>857</u>	<u>1,995</u>	<u>857</u>	<u>1,995</u>
4) Hotel facilities and services				
- Tanah Permata Sdn Bhd	<u>9</u>	<u>129</u>	<u>9</u>	<u>129</u>
5) Management support cost				
- IGB Digital Sdn Bhd	298	183	298	183
- IGB Berhad	122	-	122	-
	<u>420</u>	<u>183</u>	<u>420</u>	<u>183</u>
6) Interest charged by				
- IGB REIT Capital Sdn Bhd	<u>-</u>	<u>-</u>	<u>52,945</u>	<u>52,800</u>
<b>Significant related party balances as at reporting date:-</b>				
1) Deposits placed with				
- Mid Valley City Energy Sdn Bhd	<u>7,421</u>	<u>7,421</u>	<u>7,421</u>	<u>7,421</u>
2) Amount owing by				
- IGB REIT Capital Sdn Bhd	<u>-</u>	<u>-</u>	<u>29,201</u>	<u>28,512</u>
3) Amount owing to				
- IGB REIT Management Sdn Bhd	8,577	8,732	8,577	8,732
- IGB REIT Capital Sdn Bhd	-	-	1,214,300	1,214,185
- Mid Valley City Energy Sdn Bhd	<u>2,397</u>	<u>3,355</u>	<u>2,397</u>	<u>3,355</u>



# UNITHOLDERS' STATISTICS

As at 10 February 2021

## ISSUED UNITS

3,563,979,854 Units (voting right : 1 vote per Unit)

## PUBLIC SPREAD

44.95%

## DISTRIBUTION OF UNITHOLDINGS

Range of Unitholdings	No. of Unitholders	% of Unitholders	No. of Issued Units	% of Issued Units
Less than 100	1,858	7.19	52,177	0.00
100 – 1,000	9,618	37.23	5,069,461	0.14
1,001 – 10,000	10,816	41.86	44,568,285	1.25
10,001 – 100,000	2,922	11.31	89,376,288	2.51
100,001 to less than 5% of Issued Units	617	2.39	1,198,929,076	33.64
5% and above of Issued Units	5	0.02	2,225,984,567	62.46
Total	25,836	100.00	3,563,979,854	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	48.64	164,525,340	4.62
Dato' Seri Robert Tan Chung Meng	15,289,081	0.43	1,913,233,211	53.68
Pauline Tan Suat Ming	-	-	1,913,233,211	53.68
Tony Tan Choon Keat	1,000,000	0.03	1,913,233,211	53.68
Tan Chin Nam Sendirian Berhad	9,663,531	0.27	1,899,801,494	53.31
Tan Kim Yeow Sendirian Berhad	14,764,772	0.41	1,898,468,439	53.27
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	-	-	1,898,143,094	53.26
Employees Provident Fund Board	369,944,813	10.38	Nil	Nil
Kumpulan Wang Persiaran (Diperbadankan)	220,389,800	6.18	27,477,200	0.77

## DIRECTORS AND CHIEF EXECUTIVE OFFICER UNITHOLDINGS

Name	Direct		Deemed*	
	No. of Issued Units	% of Issued Units	No. of Issued Units	% of Issued Units
Dato' Seri Robert Tan Chung Meng	15,289,081	0.43	1,909,812,891	53.59
Tan Lei Cheng	1,853,742	0.05	-	-
Elizabeth Tan Hui Ning	3,834,000	0.11	-	-
Tan Boon Lee	1,705,025	0.05	-	-
Antony Patrick Barragry	151,300	0.00	-	-

\* Deemed to have interests in Units held by other corporations by virtue of section 4 of the Capital Markets and Services Act 2007

# UNITHOLDERS' STATISTICS

As at 10 February 2021  
(continued)

## TOP 30 UNITHOLDERS

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	25.81
2	IGB Berhad	453,617,754	12.73
3	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for IGB Berhad (KLC – A/C 2)	360,000,000	10.10
4	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	272,107,013	7.63
5	Kumpulan Wang Persaraan (Diperbadankan)	220,259,800	6.18
6	IGB REIT Management Sdn Bhd	108,979,854	3.06
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	1.48
9	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For AIA Bhd	40,280,998	1.13
10	Pertubuhan Keselamatan Sosial	40,264,050	1.13
11	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	36,645,192	1.03
12	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Affin-HWG)	35,712,200	1.00
13	Amanahraya Trustees Berhad Public Smallcap Fund	33,134,616	0.93
14	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (Life PAR)	27,867,600	0.78
15	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	23,308,470	0.65
16	Amanahraya Trustees Berhad Public Dividend Select Fund	22,068,232	0.62
17	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	21,650,333	0.61
18	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AMUNDI)	21,180,000	0.59
19	Amanahraya Trustees Berhad Public Savings Fund	20,943,076	0.59
20	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (NP-Other-REITs)	17,309,700	0.49
21	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	16,759,800	0.47
22	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (NOMURA)	16,492,200	0.46
23	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (ABERDEEN)	15,959,400	0.45
24	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	15,877,800	0.45
25	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (ABERDEEN)	13,671,400	0.38
26	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad – Kenanga Growth Fund	13,258,700	0.37
27	Robert Tan Chung Meng	12,555,755	0.35
28	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich General Insurance Malaysia Berhad (GI-REITs)	12,174,000	0.34
29	Tan Kim Yeow Sendirian Berhad	11,953,968	0.34
30	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LSF)	11,017,000	0.31
<b>Total</b>		<b>2,922,782,511</b>	<b>82.00</b>

# NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting (9<sup>th</sup> AGM) of IGB Real Estate Investment Trust (IGB REIT) will be held on **Monday, 26 April 2021 at 2.00 p.m. as a virtual meeting.**

Unitholders may participate in the 9<sup>th</sup> 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 9<sup>th</sup> AGM proceedings, ask questions and vote during the meeting. Further information on how to participate is set out in this Notice of 9<sup>th</sup> AGM, accompanying Virtual AGM Guide. Unitholders will not be able to attend the 9<sup>th</sup> AGM at a physical location.

## 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 2020 (Financial Statements and Reports FY2020).

### Special Business

2. To consider and, if thought fit, to pass the following as ordinary resolution:

#### Proposed 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 Group to enter into all arrangements and/or transactions with IGB Berhad and its subsidiaries (IGB Group) as specified in Section 3.0 of the Circular to Unitholders dated 26 February 2021 (Circular), provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for IGB REIT Group'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 related 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 2022;

AND THAT the Directors be and are hereby authorised to do all such acts, matters, deeds and things as they may consider expedient or necessary or in the interests of IGB REIT to give effect to the RRPT Mandate and/or this resolution.

By Order of the Board  
**IGB REIT MANAGEMENT SDN BHD**  
 as Manager of IGB REIT

Tina Chan (MAICSA 7001659/SSM PC No. 201908000014)  
 Company Secretary

Kuala Lumpur  
 26 February 2021

### Explanatory Notes of each item on Agenda:

- (1) **Financial Statements and Reports FY2020**  
 Agenda 1 is for presentation of the Financial Statements and Reports FY2020 to Unitholders for discussion, and no voting is 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 IGB Group 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 BursaLINK and will be posted on IGB REIT's website [www.igbreit.com](http://www.igbreit.com) as soon as possible following the 9<sup>th</sup> 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 relating to the RRPT Mandate. They had abstained from all Board deliberations and voting on this resolution.

# NOTICE OF NINTH ANNUAL GENERAL MEETING

(continued)

## Notes:

1. A Unitholder entitled to participate and vote at the 9<sup>th</sup> 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 19 April 2021 (Record of Depositors - 9<sup>th</sup> AGM) may participate and vote at the 9<sup>th</sup> AGM by logging online to the Unit Registry, 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](mailto: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 2.00 p.m. on Sunday, 25 April 2021. Any Proxy Form received after that time will not be valid for the scheduled 9<sup>th</sup> AGM. All valid proxy votes, whether submitted electronically or in hard copy form, will be included in the poll to be taken at the 9<sup>th</sup> AGM.
7. Unitholders may call TIH at 603-2783 9299 or email to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com) if they have questions or require assistance on e-proxy submission and the process to pre-register, participate and vote at the 9<sup>th</sup> AGM of IGB REIT, or encounter any log-in difficulties.
8. IGB REIT Annual Report 2020 and Circular can be viewed at IGB REIT website [www.igbreit.com](http://www.igbreit.com).

## VIRTUAL AGM GUIDE

Date	: Monday, 26 April 2021
Time	: 2.00 p.m.
Broadcast Venue	: Matahari 3 & 4, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia

### (1) VIRTUAL AGM

Based on applicable restrictions/prohibitions under the standard operating procedures by the Malaysian National Security Council which governs the Movement Control Order and various forms thereof at the date of this Notice, attendance and participation by all Unitholders and proxies at the 9<sup>th</sup> AGM of IGB REIT shall be solely by way of the Remote Participation and Voting (RPV) facility by logging to TIIH 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 9<sup>th</sup> AGM, ask questions online via a query box online and submit votes in real time. Unitholders also have the option of submitting questions to the Board prior to the 9<sup>th</sup> AGM to [corporate-enquiry@igbreit.com](mailto:corporate-enquiry@igbreit.com) by Thursday, 22 April 2020 at the latest. The Board will answer the questions (related to the business of the 9<sup>th</sup> AGM) at its dutiful and free discretion in the 9<sup>th</sup> AGM.

Unitholders are advised to afford themselves ample time to complete the log-in process in advance of the commencement of the 9<sup>th</sup> AGM.

The Board of the Manager look forward to Unitholders virtual attendance and the opportunity to engage with Unitholders at the 9<sup>th</sup> AGM of IGB REIT.

### (2) RPV

The procedures for RPV facility are summarised below:

	Procedure	Action Required
<b>BEFORE IGB REIT 9<sup>th</sup> AGM</b>		
(a)	Sign up as a user of TIIH Online (for first time registration only)	<ul style="list-style-type: none"> <li>Access website at <a href="https://tiih.online">https://tiih.online</a>. Sign up as a user under the “e-Services” (refer to the tutorial guide posted on the homepage).</li> <li>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.</li> </ul>
(b)	Submit your request to attend 9 <sup>th</sup> AGM	<ul style="list-style-type: none"> <li>Registration is open from 2.00 pm on Friday, 26 February 2021 until the day of AGM Monday, 26 April 2021</li> <li>Login with your user ID and password and select the corporate event: “(REGISTRATION) IGB REIT 9<sup>th</sup> AGM”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>System will send an e-mail notifying your registration for remote participation is received and to be verified.</li> <li>After verification of your registration against the Record of Depositors - 9<sup>th</sup> AGM, the system will send you an e-mail, approving or rejecting your registration for remote participation.</li> </ul>
<b>IGB REIT 9<sup>th</sup> AGM DAY</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 9<sup>th</sup> AGM from 1.40 p.m. i.e., 20 minutes before the commencement of 9<sup>th</sup> AGM at 2.00 p.m. on Monday, 26 April 2021.</li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: “(LIVE STREAMING MEETING) IGB REIT 9<sup>th</sup> AGM” to engage in the 9<sup>th</sup> AGM proceedings remotely.</li> <li>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 9<sup>th</sup> AGM) submitted by remote participants during the AGM, as timing and circumstances permit.</li> <li>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.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Select the corporate event: “(REMOTE VOTING) IGB REIT 9<sup>th</sup> AGM”.</li> <li>Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>Voting session commences from 2.00 p.m. on Monday, 26 April 2021 until a time when the Chairman announces the completion of the voting session of the 9<sup>th</sup> AGM.</li> <li>Select the CDS account that represents your unitholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f)	End of RPV	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of 9<sup>th</sup> AGM, the Live Streaming will end.</li> </ul>

#### 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](mailto:tiih.online@my.tricorglobal.com) for assistance if you encounter problems with the RPV.

# VIRTUAL AGM GUIDE

(continued)

## (3) Electronic Submission of Proxy Form (e-Proxy)

The procedures for submission of e-Proxy are summarised below:

	Procedure	Action
<b>1. Individual Unitholders</b>		
(a)	Sign up as User with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register.</li> </ul>
(b)	Proceed with submission of e-Proxy	<ul style="list-style-type: none"> <li>Login with your user name (i.e., email address) and password.</li> <li>Select the corporate event: "Submission of Proxy Form".</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of units for your proxy(s) to vote on your behalf.</li> <li>Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy(s).</li> <li>Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>Review and confirm your proxy(s) appointment.</li> <li>Print e-Proxy for your record.</li> </ul>
<b>2. Corporation or Institutional Unitholders</b>		
(a)	Sign up as User with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a></li> <li>Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder".</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <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 Unit Registry if you need clarifications on the user registration.</i></p>
(b)	Proceed with submission of e-Proxy	<ul style="list-style-type: none"> <li>Login with your user name (i.e., email address) and password.</li> <li>Select the corporate exercise name: "Submission of Proxy Form".</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxies by inserting the required data.</li> <li>Submit the proxy appointment file.</li> <li>Login to TIIH Online, select corporate exercise name: "Submission of Proxy Form".</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select "Submit" to complete your submission.</li> <li>Print the confirmation report of your submission for your record</li> </ul>

## (4) Enquiry

Should you need assistance on RPV and e-Proxy submission, please contact the following persons at TIIH:

- (a) Puan Ros Sakila : +603 2783 9277 ([Sakila@my.tricorglobal.com](mailto:Sakila@my.tricorglobal.com))  
 (b) Encik Mohammad Amirul : +603 2783 9263 ([Mohammad.Amirul@my.tricorglobal.com](mailto:Mohammad.Amirul@my.tricorglobal.com))

## PROXY FORM - 9<sup>TH</sup> AGM

### LODGE YOUR VOTE

ONLINE  
<https://tiih.online>

BY E-MAIL  
[corporate-enquiry@igbreit.com](mailto:corporate-enquiry@igbreit.com)

BY MAIL/BY HAND  
Level 32, The Gardens South Tower  
Mid Valley City, Lingkaran Syed Putra, 50200 Kuala Lumpur

ALL ENQUIRIES TO  
603-2783 9299 or email to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

CDS Account No.

No. of Units Held

\*I/We (full name as per NRIC No./Certificate of Incorporation) \_\_\_\_\_

NRIC No./Company No. \_\_\_\_\_ of (full address) \_\_\_\_\_

being a Unitholder of IGB Real Estate Investment Trust (IGB REIT) and entitled to attend and vote 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 9<sup>th</sup> 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 9<sup>th</sup> AGM of IGB REIT to be held at 2.00 p.m. on Monday, 26 April 2021 and at any adjournment of the meeting.

The 9<sup>th</sup> AGM will be conducted as a virtual meeting and Unitholders can participate by logging in online at <https://tiih.online> (refer to details in the Notice of 9<sup>th</sup> AGM and Virtual AGM Guide which are also available on IGB REIT's website at [www.igbreit.com](http://www.igbreit.com)).

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 \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature/Common Seal of Unitholder

### Notes:

1. A Unitholder entitled to participate and vote at the 9<sup>th</sup> 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 19 April 2021 (Record of Depositors - 9<sup>th</sup> AGM) may participate and vote at the 9<sup>th</sup> AGM by logging online to the Unit Registry, 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](mailto: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 2.00 p.m. on Sunday, 25 April 2021. Any Proxy Form received after that time will not be valid for the scheduled 9<sup>th</sup> AGM. All valid proxy votes, whether submitted electronically or in hard copy form, will be included in the poll to be taken at the 9<sup>th</sup> AGM.
7. Unitholders may call TIH at 603-2783 9299 or email to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com) if they have questions or require assistance on e-proxy submission and the process to pre-register, participate and vote at the 9<sup>th</sup> AGM of IGB REIT, or encounter any log-in difficulties.
8. IGB REIT Annual Report 2020 and Circular can be viewed on IGB REIT website [www.igbreit.com](http://www.igbreit.com).



Fold this flap for sealing

Fold along this line (2)

PROXY FORM

Affix  
RM0.80  
stamp

The Company Secretary  
**IGB REIT Management Sdn Bhd** 201201006785 (908168-A)  
the Manager of IGB REIT  
Level 32, The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

Fold along this line (1)



**THE EDGE  
BILLION RINGGIT CLUB 2020**

**IGB REIT**  
Highest Return on Equity over Three Years

**IGB REIT MANAGEMENT SDN BHD** 201201006785 (908168-A)  
the Manager of IGB REIT

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

tel +603 2289 8989  
fax +603 2289 8802  
email [corporate-enquiry@igbreit.com](mailto:corporate-enquiry@igbreit.com)

**[www.igbreit.com](http://www.igbreit.com)**