

7. BACKGROUND INFORMATION ON THE SPONSOR

7.1 CORPORATE INFORMATION

The sponsor of IGB Commercial REIT is IGB Berhad. IGB Berhad and its group of companies (“**IGB Group**”) have over 40 years of property development experience.

The Sponsor was incorporated in Malaysia as a private limited company under the name Dimensi Subuh Sdn Bhd on 1 June 2000. On 23 November 2000, Dimensi Subuh Sdn Bhd was converted to a public limited company under the name Dimensi Subuh Berhad. On 31 January 2001, Dimensi Subuh Berhad changed its name to Gold IS Berhad.

On 8 May 2002, the merger between the two (2) public-listed companies, Tan & Tan Developments Berhad and IGB Corporation Berhad was completed. As a result, Tan & Tan Developments Berhad became a wholly-owned subsidiary of IGB Corporation Berhad and Gold IS Berhad became a substantial shareholder of IGB Corporation Berhad. Gold IS Berhad also assumed the listing status of Tan & Tan Developments Berhad. On 8 July 2005, Gold IS Berhad was renamed to Goldis Berhad.

In 2014, Goldis Berhad made a voluntary general offer for the remaining shares in IGB Corporation Berhad. In March 2018, Goldis Berhad completed its effort to acquire IGB Corporation Berhad’s remaining shares that it did not already own by way of a scheme of arrangement resulting in IGB Corporation Berhad becoming a wholly-owned subsidiary of Goldis Berhad. Following the completion of the scheme of arrangement, Goldis Berhad changed its name to IGB Berhad.

Listed on Bursa Securities since 8 May 2002, IGB Berhad has a market capitalisation of approximately RM2,547.6 million, as at the Latest Practicable Date. In its FYE 2020, the IGB Group generated revenue of approximately RM1,016.4 million, with a total asset base of approximately RM8,584.8 million.

As at the Latest Practicable Date, the principal activities of IGB Group mainly consist of property investment and management, owner and operator of the Subject Properties and 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.

As at the Latest Practicable Date, IGB Berhad is the holding company of the Manager with an indirect interest of 100.0% in the Manager.

7.2 RELEVANT EXPERIENCE

The Sponsor is one (1) of the largest listed property companies in Malaysia, and has a footprint which spans across Asia, Australia, the United States and the United Kingdom. The Sponsor’s expertise includes site acquisition and project planning, design and development, project management and construction, marketing and leasing and asset and operational management.

7. BACKGROUND INFORMATION ON THE SPONSOR (Cont'd)

IGB developed Mid Valley City, one (1) of the largest mixed-use developments in Malaysia, and has successfully achieved substantial growth in real estate value. The entire development includes Mid Valley Megamall and The Gardens Mall, the MVC Subject Properties, as well as a host of hotels and residential components. The Sponsor's property development arm, TT Developments, has a track record of more than 40 years in the Klang Valley and has been recognised with awards such as the Des Prix Infinitus ASEAN Property Awards Malaysia in the Best Developer category¹. IGB was also awarded with The Edge Malaysia Top Property Developers Award in October 2019.

IGB Corporation Berhad, a wholly-owned subsidiary of IGB, was the sponsor of IGB REIT at the time of its listing. IGB REIT's investment portfolio comprise Mid Valley Megamall and The Gardens Mall. As at 31 December 2020, IGB REIT's total asset value stood at approximately RM5,220.9 million with a market capitalisation of approximately RM6,124.2 million.

In addition to the Subject Properties, IGB Group's real estate and properties includes:

- 36-acre mixed commercial development in Johor where The Mall, Mid Valley Southkey is located, the largest megamall in the southern region of Peninsula Malaysia;
- Cititel Hotel Mid Valley, a hotel with 646 rooms situated atop Mid Valley Megamall;
- The Gardens Hotel & Residences, a 5-star hotel located adjacent to The Gardens Mall with a total of 647 rooms;
- St Giles Wembley, Penang, a hotel with 415 rooms located in Penang;
- Cititel Express, Penang, a hotel with 234 rooms located in Penang;
- MiCasa All Suite Hotel, a hotel with 242 rooms located near Suria KLCC and KLCC Convention Centre;
- St Giles Boulevard Hotel, a hotel with 390 rooms located situated atop Mid Valley Megamall;
- Cititel Express Ipoh, a hotel with 210 rooms located in Ipoh Old Town; and
- Cititel Express, Kota Kinabalu, a hotel with 275 rooms located in the Kota Kinabalu City Centre; and
- The Tank Stream Sydney, a hotel with 281 rooms located in the heart of Sydney's central business district.

IGB Group also has interests in hotels in the Philippines (Manila), the United Kingdom (London) and the United States of America (New York).

¹ The Des Prix Infinitus Media ASEAN Property Developer Awards is a recognition that stands for innovation and creativity in the property development sector, where it aims to honour only the best property in the region. The Des Prix Infinitus Media ASEAN Property Developer Awards creates awareness for both, developers and property agents, opening up business opportunities for local and international companies to foster collaborative projects in Malaysia. Tan & Tan Development won the Best Developer category during the Des Prix Infinitus ASEAN Property Awards Malaysia in 2019.

7. BACKGROUND INFORMATION ON THE SPONSOR (Cont'd)

Notably, The Mall, Mid Valley Southkey, opened its doors in April 2019 and is the largest megamall in the southern region of Peninsula Malaysia. The Mall is the first project in the 36-acre mix-development in Johor. The Mid Valley Southkey development in Johor Bahru includes St Giles Southkey, Mid Valley Southkey North Tower and South Tower, which are in the midst of construction. St Giles Southkey is a proposed 4-star hotel comprising 575 rooms spread out over 29 floors, which will be located above The Mall, Mid Valley Southkey with expected completion, barring any unforeseen circumstances, by the end of 2021. Meanwhile, The Mid Valley Southkey North and South Towers are 30 storey buildings that will house 24 storeys of office space each. The North Tower and South Tower are both scheduled for completion by 2021.

There can be no assurance that any of the projects being undertaken by the Sponsor or its subsidiaries will be completed in the manner discussed above or that IGB Commercial REIT will acquire any of the completed commercial properties owned by the Sponsor or its subsidiaries.

The Sponsor has granted a ROFR to IGB Commercial REIT to acquire the Sponsor's future commercial properties. The ROFR shall remain binding on the Sponsor so long as:

- (i) the Sponsor holds an interest of more than 50.0% of the Units;
- (ii) the Manager is a subsidiary of the Sponsor;
- (iii) the Manager remains as the management company of IGB Commercial REIT;
- (iv) IGB Commercial REIT remains listed on the Official List.

IGB has built strong brand recognition, with the "Mid Valley" and "IGB" names being associated with high profile and high quality real estate developments.

7.3 UNITHOLDINGS OF THE SPONSOR IN IGB COMMERCIAL REIT

Please refer to Section 6.10 "Unitholdings of Substantial Shareholders, Directors and Key Management Personnel of the Manager in IGB Commercial REIT" of this Prospectus for information on the unitholdings of the Sponsor in IGB Commercial REIT before and after the Listing.

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8. THE TRUSTEE

The following information in this section (save where it relates to the Deed) has been prepared and provided by the Trustee. None of the Manager, the Sponsor, the Selling Shareholders, the Principal Adviser, the Joint Bookrunners and any other person has independently verified this information and, therefore, none of the Manager, the Sponsor, the Selling Shareholders, the Principal Adviser and the Joint Bookrunners makes any representation as to the correctness, accuracy or completeness of such information.

8.1 CORPORATE INFORMATION

MTrustee Berhad was incorporated in Malaysia under the Act on 28 July 1987. It is registered as a trust company under the Trust Companies Act, 1949 (“**Trust Companies Act**”) and is also registered with the SC for trusteeship service in respect of unit trust funds. As at the Latest Practicable Date, the issued and paid-up share capital of the Trustee is RM500,000 comprising 100,000 ordinary shares, paid-up to RM5.00 per share with RM5.00 per share remaining unpaid in accordance with Section 3(c) of the Trust Companies Act.

The principal activity of the Trustee is the provision of corporate trusteeship services. The Trustee has been in the trustee business for more than 30 years. As at the Latest Practicable Date, the Trustee’s staff strength comprise of 28 executive staff and four (4) non-executive staff.

The Trustee specialises in corporate trustee services which include acting as trustee for private debt securities, unit trust funds, provident and retirement funds, golf clubs and timeshares, stakeholders and REITs. As at the Latest Practicable Date, the Trustee is trustee for ten (10) unit trust funds and five (5) listed Malaysian REITs.

8.2 BOARD OF DIRECTORS OF THE TRUSTEE

The following table sets out information regarding the Board of Directors of the Trustee:

Name	Directorship
Wong Yew Sen	Independent Non-Executive Director (Chairman)
Dato’ Ng Mann Cheong	Independent Non-Executive Director
Johari Low bin Abdullah	Non-Independent Non-Executive Director
Saw Leong Aun	Non-Independent Non-Executive Director
Lum Sing Fai	Non-Independent Non-Executive Director
Chan Mo Lin	Independent Non-Executive Director

The Chief Executive Officer of the Trustee is Puan Nurizan Jalil.

8.3 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

The Trustee’s functions, duties and responsibilities are set out in the Deed. The general function, duties and responsibility of the Trustee include, but are not limited to the following:

- (a) at all times, through proper and adequate supervision, safeguarding the interests of the Unitholders and actively monitoring the administration of IGB Commercial REIT by the Manager to ensure that the interests of Unitholders are upheld at all times;

8. THE TRUSTEE *(Cont'd)*

- (b) acting continuously as Trustee under the trust created by the Deed until IGB Commercial REIT is terminated as provided in the Deed or until the Trustee has retired from IGB Commercial REIT in the manner provided in the Deed;
- (c) ensuring that IGB Commercial REIT has, at all times, an appointed management company;
- (d) ensuring that the Manager does not make improper use of its position in managing IGB Commercial REIT to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interest of the Unitholders;
- (e) exercising all due care, skill, diligence and vigilance as can be reasonably expected from a person exercising the position of a trustee in carrying out its functions and duties and in safeguarding the rights and interests of the Unitholders in accordance with the Deed and the Relevant Laws and Requirements;
- (f) at all times, through proper and adequate supervision, ensuring that IGB Commercial REIT is operated and managed by the Manager in accordance with IGB Commercial REIT's objectives, the Deed, the documents lodged with the SC and the Relevant Laws and Requirements and acceptable and efficacious business practices within the REIT industry. In ensuring compliance with the requirements and safeguarding the interests of the Unitholders, the Trustee, covenants to conduct independent reviews and not only depend on the submission of information by the Manager. It covenants to exercise reasonable diligence in monitoring the function of the Manager in accordance with the provisions of the Deed and to do everything in its power to ensure that the Manager remedies any breach known to the Trustee of the provisions or covenants of the Deed or any contravention of the provisions of the CMSA, unless the Trustee is satisfied that the breach will not materially prejudice the Unitholders' interests;
- (g) notifying the SC as soon as practicable of any irregularity, breach of the Deed, the Relevant Laws and Requirements or any inconsistency between the provisions of this Prospectus and the provisions of the Deed or other matter properly regarded by the Trustee as not being in the interests of Unitholders; and
- (h) taking all reasonable steps and exercising due diligence to ensure that the Deposited Property is correctly valued by a qualified independent valuer in accordance with the provisions of the Deed and the Relevant Laws and Requirements.

8. THE TRUSTEE (Cont'd)

8.4 SUMMARY OF THE TRUSTEE'S FINANCIAL POSITION

The following is a summary of the Trustee's audited financial performance for the past three (3) financial years ended 31 March.

	←———— Audited —————→		
	Financial year ended 31 March		
	2018	2019	2020
	(RM'000)	(RM'000)	(RM'000)
Paid-up share capital	500	500	500
Shareholders' funds	6,313	5,271	4,910
Revenue	7,175	6,602	6,816
Profit before taxation	2,329	2,804	2,378
Profit after taxation	1,776	2,172	1,839

8.5 TRUSTEE'S FEE

In accordance with the Deed, IGB Commercial REIT will pay the Trustee an annual trustee's fee of up to 0.03% per annum of the NAV of IGB Commercial REIT.

Other than this, there will be no payment due to the Trustee by way of remuneration for its services upon the subscription for or sale of a Unit and upon any distributions of income and capital or otherwise under the Deed. The Trustee's fee may only be varied upwards with the prior approval of the Unitholders obtained by way of a majority resolution (or such other majority as may be required under the REIT Guidelines from time to time), and shall be effected by way of a supplementary deed in accordance with the Deed and the CMSA.

8.6 RETIREMENT, REMOVAL AND REPLACEMENT OF THE TRUSTEE

8.6.1 Retirement

The Trustee may retire upon giving six (6)-months' written notice to the Manager (or such shorter period as may be agreed upon with the Manager) whereupon the Manager shall within one (1) month after becoming aware of the intention of the Trustee to retire, appoint by way of a deed, a replacement trustee who is eligible to be appointed to act as trustee under the CMSA and who has been approved by the SC.

8.6.2 Removal and Replacement

The Manager shall take all reasonable steps to remove the Trustee from its appointment as soon as practicable after becoming aware of any of the following circumstances:

- (i) the Trustee ceases to exist;
- (ii) the Trustee was not validly appointed;

8. THE TRUSTEE (Cont'd)

- (iii) the Trustee ceases to be eligible to act as trustee pursuant to the CMSA or its appointment as trustee for IGB Commercial REIT is revoked by the SC;
- (iv) the Trustee fails or refuses to act as trustee in accordance with the provisions or covenants of the Deed or the provisions of the CMSA;
- (v) the Trustee has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Trustee has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- (vi) the Trustee is under investigation for conduct that contravenes the Trust Companies Act, the Trustees Act 1949, the Act or any securities law.

The Manager may then appoint a replacement trustee whom is eligible to act as trustee under the CMSA and which has been approved by the SC.

The Trustee may be removed on grounds that the Trustee is in breach of its obligations under the Deed and the Trustee has failed to remedy the breach despite the request from the Manager to remedy the breach and another trustee (which is eligible to be appointed to act as trustee under the CMSA and duly approved by the SC) shall be appointed if the Unitholders decide on such removal and replacement by a Special Resolution (or otherwise in accordance with the requirements of the REIT Guidelines), passed at a duly convened meeting which is requisitioned by the Unitholders in the manner provided in the Deed.

Nothing in the Deed limits the right of the SC under Section 292(2) of the CMSA to remove the Trustee and appoint a replacement on the SC's own accord, or on the application of the Manager or of a Unitholder, on any of the grounds stated in sub-paragraphs (i) to (vi) above.

8.7 TRUSTEE'S RESPONSIBILITY STATEMENT

The Trustee has given its willingness to assume the position as trustee of IGB Commercial REIT and all the obligations in accordance with the Deed and all the Relevant Laws and Requirements.

8.8 MATERIAL LITIGATION AND ARBITRATION

As at the Latest Practicable Date, neither the Trustee nor its delegates are engaged in any material litigation and arbitration as plaintiff or defendant, and the Trustee and its delegate are not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect their financial position or business.

8.9 DELEGATION OF THE TRUSTEE'S FUNCTION

As at the Latest Practicable Date, none of the Trustee's function in relation to IGB Commercial REIT has been delegated.

9. THE PROPERTY MANAGER

The following information in this section (save where it relates to the Property Management Agreement) has been prepared and provided by the Property Manager. None of the Manager, the Sponsor, the Selling Shareholders, the Principal Adviser, the Joint Bookrunners and any other person has independently verified this information and, therefore, none of the Manager, the Sponsor, the Selling Shareholders, the Principal Adviser and the Joint Bookrunners makes any representation as to the correctness, accuracy or completeness of such information.

9.1 CORPORATE INFORMATION

Chartwell ITAC International Sdn Bhd is the Property Manager. The Property Manager was incorporated on 15 November 1979 under the Act.

The Chartwell group of companies (“**Chartwell Group**”) comprises three firms practising valuation, estate agency, property management, international property consultancy, project marketing and retail/shopping centre consultancy.

Chartwell Group, consists of Chartered Valuation Surveyors, Registered Valuers, Estate Agents, Property Managers and International Property Consultants. Chartwell has been providing professional valuation and estate agency services for over 40 years. Chartwell is registered with the Board of Valuers, Appraisers and Estate Agents and Property Managers Malaysia.

9.2 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE PROPERTY MANAGER

The Trustee, the Manager and the Property Manager entered into the Property Management Agreement on 3 May 2021 for the appointment of the Property Manager to provide property management services to manage, operate, maintain and market the Subject Properties upon the terms and conditions therein.

The services provided by the Property Manager for each property under its management include the following:

- (i) property management services, including operation, maintenance and repair of the property, recommending/engaging third party contracts for provision of property maintenance, supervision and control of maintenance and repairs, ensuring compliance with building and safety regulations, arranging and taking out property insurance, submitting applications to the appropriate regulatory authorities for licences, permissions and consents required relating to the operation, maintenance, management or improvement of the property, advising on improvement and upgrading to enhance income yields and capital value of the Subject Properties;
- (ii) financial management services by assisting the Manager and/or the Trustee in respect of the financial, cost and budgetary coordination, administration and measurement including establishment of management information system to effect cost and budgetary control, preparation of budgets for management operation, procedures for monitoring budgetary performance and compliance, and annual reports and analysis of operation performance;

9. THE PROPERTY MANAGER (*Cont'd*)

- (iii) letting and tenancy management services, including coordinating handover of premises and tenants' fitting-out requirements, administration of rental collection, management of rental arrears and rental collection policies and practices, formulating letting policies, tenancy terms and conditions and drawing up legal tenancy documentation and implementing marketing activities to attract and secure tenants;
- (iv) reporting system services whereby the Property Manager will submit the relevant report relating to the management of the Subject Properties to the Manager and/or the Trustee, on a monthly, quarterly and annual basis, the frequency depending on the nature and types of reports;
- (v) professional service management to seek advice and consult with other expertise within the Property Manager on capital value, assessment value and other professional advice and with other professionals in legal, technical, financial and accounting matters; and
- (vi) where applicable, car park management services, including managing car park collection and payments and monitoring car park traffic pattern.

In accordance with the terms of the Property Management Agreement, the Property Manager shall, during the duration of the Property Management Agreement, employ, by itself or through third party service providers, personnel required to properly operate, maintain, manage and market all the Subject Properties on such terms and conditions as are commercially reasonable or appropriate having regard to the qualification, skill and experience of the persons employed for the relevant positions, responsibilities and duties. Please refer to Section 9.6 "Salient Terms of the Property Management Agreement" of this Prospectus for further details of the Property Management Agreement.

9.3 EXPERIENCE IN PROPERTY MANAGEMENT AND PROPERTIES MANAGED

The property management division of Chartwell group manages a portfolio of properties which extends from residential properties (flats, apartments and condominiums) to commercial properties (retail, shop office and office) in the city of Kuala Lumpur and Petaling Jaya, Selangor Darul Ehsan.

The Property Manager has over 15 years of experience in property management and is currently managing a total of 19 property sites and with a current total of 91 employees.

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9.4 INFORMATION ON KEY PERSONNEL

The profiles of the key personnel of the Property Manager who are involved in the management of the Subject Properties are as follows:

Victor Lim See Seng is the Managing Director of the Chartwell Group. He is a Chartered Valuation Surveyor, a Registered Valuer, Registered Property Manager and Estate Agent, a member of the Royal Institute of Chartered Surveyors, the Institute of Revenue, Rating and Valuation, United Kingdom, the Royal Institution of Surveyors Malaysia and the Institute of Commercial Management, United Kingdom. He has over 36 years of experience in the real estate industry, including both private and public sector experience, local and international markets. He has also been appointed as the Court Assessor in the High Court of Malaya and advised High Court judges on compensation claims for land acquisitions cases coming before the Court and has sat on various committees including the National Property Information Centre and the Association of Valuers and Property Consultants in Private Practice Malaysia. In 2015, he was appointed as a committee member by the Property Management Committee of the Board of Valuers, Appraisers, Estate Agents and Property Managers of Malaysia to prepare property management standards and guidelines for shopping centre operations and management. He was also appointed as a Board Member by the Education and Accreditation Board of the Royal Institutions of Surveyors Malaysia to review academic qualifications from overseas universities. He is a graduate of the University of South Bank United Kingdom with BSc. (Hons), in Estate Management and holds a Diploma in Business Studies from London, United Kingdom.

Y.M Raja Abd Aziz Bin Raja Azlan is a Registered Valuer, registered property manager and Estate Agent and a member of the Royal Institution of Surveyors Malaysia. He has over 35 years of experience in valuation and real estate matters and was with the Valuation and Property Services Department of the Ministry of Finance, Malaysia for more than 17 years. He has also lectured at UiTM, Shah Alam and the National Valuation Institute of the valuation department Malaysia. He also sat as an Assessor and advised High Court judges on compensation claims for land acquisitions cases coming before the Court. He is a graduate of the University of Technology MARA, with an Advance Diploma in Estate Management. He also obtained his Post - Graduate Dip in Countryside Recreation Management from the University of Sheffield Hallam, United Kingdom and Post - Graduate Dip in Science Management from INTAN Malaysia.

Anthony Lim Chi Meng heads Chartwell Asset Management Sdn Bhd. He has been with Chartwell Asset Management Sdn Bhd since 2006. He was promoted to General Manager in 2008, where he was responsible for business development, portfolio management and also overseeing the entire process of site acquisition through to passive management. He has over 20 years of experience in the banking and property industry. With a wealth of knowledge in property accounting and hands-on expertise in property management, Anthony has successfully expanded Chartwell Asset Management's coverage over the years, together with the implementation of improved processes and cutting edge technology within the company. He is a graduate of the University of Technology, Curtin, Australia with a Bachelor of Commerce (Accounting and Information Systems).

9. THE PROPERTY MANAGER (*Cont'd*)

9.5 PROPERTY MANAGEMENT FEE

The Property Manager is entitled to receive RM10,000 (excluding any applicable tax) per month (equivalent to RM120,000 (excluding any applicable tax) per annum) for the management and operation of the Subject Properties. In addition, the Property Manager is also entitled to full reimbursement of costs and expenses properly incurred in the operation, maintenance, management and marketing of the Subject Properties, including fees and reimbursements for similar permissible expenses payable to its services provider(s).

The property management fee is payable to the Property Manager in the form of cash.

9.6 SALIENT TERMS OF THE PROPERTY MANAGEMENT AGREEMENT

- (i) Subject to the right of termination under the Property Management Agreement, the appointment of the Property Manager shall commence from the Listing Date and shall unless terminated in accordance with the Property Management Agreement, continue for an initial period of three (3) years and may be extended for a further term with the agreement of the Property Manager on such terms and conditions as may be mutually agreed between the parties ("**Management Period**").
- (ii) The functions, duties and responsibilities of the Property Manager under the Property Management Agreement is summarised in Section 9.2 "Functions, Duties and Responsibilities of the Property Manager" of this Prospectus.
- (iii) The Property Management Agreement may be terminated in accordance to the terms and conditions therein under any one (1) of the following circumstances:
 - (a) upon expiry of the Management Period;
 - (b) upon termination by the Trustee of the appointment of the Manager as the management company to IGB Commercial REIT;
 - (c) upon exercise by any parties therein of the right of mutual termination by giving not less than three (3) months' notice in writing to the other parties;
 - (d) upon occurrence of any force majeure event which results in the failure of the Property Manager to deliver a substantial majority of the services contemplated under the Property Management Agreement for at least 14 days;
 - (e) upon the sale of all or any of the Subject Properties by the Trustee; and
 - (f) at the option of the Manager and/or the Trustee, upon occurrence of any one or more of the events:
 - (1) the Property Manager is in breach of the terms or conditions of the Property Management Agreement and such breach continues for a period of 30 business days after its receipt from the Manager and/or the Trustee a notice ("**Default Notice**") specifying such breach and requesting that the same be remedied within a period of 30 business days from the date of receipt of such Default Notice by the Property Manager;

9. THE PROPERTY MANAGER (*Cont'd*)

- (2) there is a revocation, withholding or modification of licence, authorisation or approval that impairs or prejudices the Property Manager's ability to comply with the material terms and conditions of the Property Management Agreement;
- (3) any of the material provisions in the Property Management Agreement becomes ineffective, invalid or unenforceable;
- (4) the Property Manager changes the nature or scope of its core business, suspends or ceases or threatens to suspend or cease a substantial part of its business operations;
- (5) an order is made or a resolution is passed for winding up or dissolution of the Property Manager;
- (6) the Property Manager becomes insolvent; and/or
- (7) a receiver has been appointed over the whole or a substantial part of the assets of the Property Manager.

For the purposes of this Section 9.6, “**force majeure event**” means all events which are beyond the reasonable control of the parties to the Property Management Agreement and which are unforeseen or if foreseen are unavoidable and which render impossible the performance of any material obligation or the exercise of any material right under the Property Manager Agreement by any of the parties and shall include but is not limited to (i) war, invasion, rebellion, revolution, insurrection or civil war; (ii) act of government in its sovereign capacity; (iii) earthquakes, fire, lightning, storms, floods or any other occurrence caused by the operation of the forces of nature; (iv) strikes, lockouts, boycotts or labour disputes affecting the operation of any of the Subject Properties; (v) terrorism, sabotage or arson; and (vi) change in law.

9.7 UNITHOLDING OF THE PROPERTY MANAGER IN IGB COMMERCIAL REIT

The Property Manager will not hold any Units upon Listing.

9.8 SERVICE PROVIDERS TO PROVIDE PERSONNEL TO THE PROPERTY MANAGER

Pursuant to the Property Management Agreement, the Property Manager may appoint any third party service provider to, among others, provide personnel in order for the Property Manager to carry out its services under the Property Management Agreement to the best of its abilities provided that the appointment of such third party service providers has been approved by the Manager. The amount of such third party service providers' fees will be determined under the approved annual business plan and budget for the Subject Properties. The service providers' fees and costs and expenses properly incurred by the service providers for the provision of the services will form part of the property expenses to be paid by the Trustee under the Property Management Agreement.

The Property Manager entered into a Service Provider Agreement with IGB Property Management Sdn Bhd on 3 May 2021, wherein IGB Property Management Sdn Bhd will provide the Property Manager with, among others, a team of personnel with the necessary qualifications, expertise, experience and internal working and operation knowledge of the Subject Properties in accordance with the terms and conditions of the Service Provider Agreement.

10. SALIENT TERMS OF THE DEED

The Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Deed. Certain salient terms of the Deed are summarised in other sections of this Prospectus. Recipients of this Prospectus and all prospective investors in the Units should refer to the Deed itself to confirm specific information or for a detailed understanding of IGB Commercial REIT. The Deed is available for inspection at the registered office of the Manager.

10.1 THE DEED

IGB Commercial REIT is a REIT constituted by the Deed, as entered into between the Trustee and the Manager on 31 March 2021. The Deed came into effect on 31 March 2021 when it was registered with the SC.

Each Unitholder and all persons claiming through it shall be entitled to the benefit of and shall be bound by the terms and conditions of the Deed and any supplementary deed as if it had been a party thereto and as if the Deed contained covenants on the part of each Unitholder to observe and be bound by all the provisions thereof and an authorisation by each Unitholder to do all such acts and things as the Deed may require the Trustee or the Manager (as the case may be) to do. The Deed does not establish either the Trustee or the Manager as the agent of the Unitholders and does not create any other relationship other than that which is established by the provisions of the Deed.

Pursuant to the Deed, the Trustee shall hold the Deposited Property upon trust for the Unitholders and the Deposited Property so held shall be segregated from the general assets of the Trustee. The rights of the Unitholders under the Deed are divided into Units.

The Manager and the Trustee shall in the performance of their respective duties under the Deed, at all times comply with applicable provisions of the Relevant Laws and Requirements, subject to compliance with any applicable waiver or exemption given by any relevant regulatory authority (including the SC or Bursa Securities, as the case may be) in respect of the Relevant Laws and Requirements. Please refer to “Information Summary – Fees and Charges” for a summary of fees payable to the Manager and the Trustee; Section 6.6 “Management Fees” of this Prospectus for further details of the Management Fees payable to the Manager; and Section 8.5 “Trustee’s Fee” of this Prospectus for further details of the Trustee’s Fee payable to the Trustee, pursuant to the terms of the Deed.

The Deed is governed by, and shall be construed in accordance with, the laws of Malaysia.

10.2 NATURE OF UNITS

Each Unit is of equal value and represents an undivided interest in IGB Commercial REIT. There is only one (1) class of Units in IGB Commercial REIT, and all issued Units rank equally provided the issue price is fully paid. A Unit shall not confer any interest in any particular Deposited Property held by the Trustee on the trust of the Deed but only such interest in IGB Commercial REIT as a whole as is conferred on a Unit under the provisions of the Deed.

10. SALIENT TERMS OF THE DEED

10.3 RIGHTS OF UNITHOLDERS

The Units confer on the Unitholder the rights (among others) to receive any distribution entitlements and such other rights, benefits, entitlements and privileges as are conferred on the Units or attached to the Units by the provisions of the Deed.

10.4 LIMITATION OF LIABILITY AND RIGHTS OF UNITHOLDERS

The liability of each Unitholder in its capacity as such is limited to the Unitholder's investment in IGB Commercial REIT. A Unitholder is not required to indemnify the Trustee or the Manager or a creditor of either against any liability of the Trustee and the Manager in respect of IGB Commercial REIT.

However, the rights of the Unitholders are limited as follows:

- (i) a Unitholder has no equitable or proprietary interest in the Deposited Property and is not entitled to the transfer to it of any Deposited Property or any part of the Deposited Property or of any estate or interest in the Deposited Property or in any part of the Deposited Property;
- (ii) the right of a Unitholder in the Deposited Property and under the Deed is limited to the right to require the due administration of IGB Commercial REIT in accordance with the Deed including, without limitation, by suit against the Trustee or the Manager;
- (iii) without limiting the generality of the foregoing, each Unitholder acknowledges and agrees that:
 - (a) he will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the Deposited Property or any part of the Deposited Property and hereby waives any rights it may otherwise have to such relief;
 - (b) if the Trustee or the Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Deed, that Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction; and
 - (c) damages or compensation is an adequate remedy for such breach or threatened breach;
- (iv) a Unitholder may not (whether at a meeting of Unitholders convened pursuant to the Deed or otherwise):
 - (a) interfere or seek to interfere with the rights, powers, authority or discretion of the Manager or the Trustee or restrict the exercise of any discretion expressly conferred on the Manager or Trustee under the Deed or the determination of any matter which, under the Deed, requires the agreement of either or both of the Manager and the Trustee;

10. SALIENT TERMS OF THE DEED (Cont'd)

- (b) exercise any right in respect of the Deposited Property or any part of the Deposited Property or lodge any caveat or other notice affecting the Deposited Property or any part of the Deposited Property;
- (c) require that any Deposited Property or any part of the Deposited Property be transferred to the Unitholder; and
- (d) give any directions to the Manager or the Trustee which would require the Manager or the Trustee to do or omit doing anything which may result in IGB Commercial REIT ceasing to comply with the Relevant Laws and Requirements or which may result in the Manager or the Trustee being required to do anything which is inconsistent with their duties at law or under the Deed; and
- (v) no Unitholder shall have any right solely by reason of his being a Unitholder to attend any meetings of shareholders, stockholders or debenture holders of the Manager, the Trustee or a company whose shares form part of the Deposited Property, or to vote or take part in or consent to any such company or shareholders', stockholders' or debenture holders' action.

10.5 CREATION OF UNITS

The Manager is to ensure that all expenses of the issuance of new Units are borne by IGB Commercial REIT. Applications for new Units to be issued for the Offering shall be made in accordance with this Prospectus, unless the issue is of a nature that does not require a prospectus under the Relevant Laws and Requirements. The Manager shall have the absolute discretion as to whether to allot and issue any Units pursuant to an application without assigning any reasons for its decision.

Subject to the Relevant Laws and Requirements, the Manager shall determine the issue price, on market-based principles, taking into account the best interests of IGB Commercial REIT and the Unitholders. A Unit shall be deemed to have been issued to the person entitled to such Unit when the name of such person has been entered onto the Record of Depositors. No certificates for the Units shall be issued to any subscribers or purchasers of Units pursuant to this Prospectus.

The Manager may from time to time recommend to the Trustee any subsequent offering and issuance of Units by any method permitted under the REIT Guidelines.

10.6 SUSPENSION OF, DEALING IN AND ISSUE OF UNITS

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Requirements, suspend the issue of Units during exceptional circumstances which in the opinion of the Trustee and the Manager provide good and sufficient reason to do so, having taken into consideration the interests of the Unitholders. Such suspension will take effect forthwith upon the written approval by the Manager or the Trustee pursuant to any declaration in writing of the same by the other and shall terminate upon the written approval by the Manager or the Trustee pursuant to any declaration in writing of the same by the other which will be made after the condition or any other conditions giving rise to the suspension ceases to exist subject always to the Relevant Laws and Requirements.

10. SALIENT TERMS OF THE DEED (Cont'd)

The Trustee shall, in consultation with the Manager and where it deems appropriate and subject to the Listing Requirements, suspend dealing in the Units due to exceptional circumstances, where there is a good and sufficient reason to do so, considering the interest of Unitholders or potential investors. Such suspension must cease as soon as practicable after the exceptional circumstances have ceased, and in any event within 21 days of the commencement of the suspension. The Trustee shall immediately notify the SC in writing of such suspension, stating the reason for suspension and the proposed resumption of dealings in Units and the date of the proposed resumption.

10.7 REPURCHASE OF UNITS

The Manager is not obliged to repurchase any Units. In the event the Manager decides to repurchase Units, such repurchase must comply with the Listing Requirements and the Relevant Laws and Requirements. The Manager may, subject to the Listing Requirements and the Relevant Laws and Requirements, suspend the repurchase of Units for any period when the issue of Units is suspended.

The Manager may repurchase Units if it has obtained the prior approval of the Unitholders by way of an Ordinary Resolution ("**Unit Buy-back Mandate**"), in accordance with the provisions of this Deed but subject thereto and to other requirements of the Listing Requirements and the Relevant Laws and Requirements.

The total number of Units which may be repurchased pursuant to any Unit Buy-back Mandate is limited to that number of Units which will result in IGB Commercial REIT holding an aggregate of not more than 10.0% of the total number of issued Units as at the date of the repurchases, subject to the Listing Requirements and the Relevant Laws and Requirements.

The repurchase price to be paid for the Units will be determined by the Board in its absolute discretion, subject to the Listing Requirements and the Relevant Laws and Requirements.

Where all the Units or a specified number of Units held by a Unitholder have been repurchased by the Manager, any change in respect of such number of Units shall be notified by the Manager in writing to Bursa Depository which shall alter the Record of Depositors accordingly, subject to the Rules of Bursa Depository.

Units which are repurchased shall thereupon be cancelled and shall not thereafter be reissued but this shall not limit or restrict the right of the Manager to cause the creation and/or issue of further or other Units.

The Manager must ensure that any repurchase of Units is made wholly out of retained profits of IGB Commercial REIT, subject always to the Listing Requirements and the Relevant Laws and Requirements.

10.8 VENDOR UNITS

In the case of the issue of Units to vendors of Authorised Investments and subject to the Relevant Laws and Requirements, the Manager may offer Units to vendors as consideration (in whole or in part) for Authorised Investments proposed to be acquired by IGB Commercial REIT at a price determined by the Manager and approved by the Trustee if the following conditions are met so long as IGB Commercial REIT is listed on Bursa Securities:

10. SALIENT TERMS OF THE DEED (Cont'd)

- (i) the terms and conditions of the acquisition are approved by the Unitholders pursuant to the REIT Guidelines;
- (ii) neither the Manager nor the person to whom the Units are to be issued nor any associated person of that person votes in relation to the above approval of the Unitholders pursuant to the REIT Guidelines; and
- (iii) if and to the extent required, the acquisition is approved by the SC and any other relevant regulatory authority (where required).

10.9 DISTRIBUTABLE INCOME

The Distributable Income for each Distribution Period shall be the realised income for such Distribution Period being the net income for the Distributable Period adjusted (in whole or in part) as deemed necessary by the Manager in the interest of IGB Commercial REIT and the Unitholders for the following effects which may or may not have been recorded in the profit or loss for the relevant Distribution Period:

- (i) the portion of the Management Fees paid or payable in Units;
- (ii) amortisation and other non-cash expenses or gains;
- (iii) valuation gain/loss on investment properties and financial instruments;
- (iv) depreciation or impairment of assets;
- (v) any other entries, provisions, write-offs or adjustments required by the approved accounting standards;
- (vi) expenses/loss which is charged to the profit or loss relating to issuance of new units or expenses that is capital in nature; and
- (vii) unamortised costs which had been paid and incurred but had not been expensed off to the profit or loss other than those incurred for issuance of Units or raising of funds.

The Distributable Income which the Manager may distribute for any Distribution Period shall, among others, take into consideration the following:

- (i) total returns for the period;
- (ii) income for the period;
- (iii) cash flow for distribution;
- (iv) stability and sustainability of distribution of income and/or capital; and
- (iv) the investment objective and distribution policy of IGB Commercial REIT;

10. SALIENT TERMS OF THE DEED (Cont'd)

subject to meeting the requirement to distribute at least 90.0% of IGB Commercial REIT's total income (as defined under the Income Tax Act) to achieve tax transparency under Section 61A of the Income Tax Act.

All (or such lower percentage as determined by the Manager in its absolute discretion) of the Distributable Income will be distributed among the persons who on the relevant Book Closing Date for a Distribution Period are Unitholders, in proportion to their Units. Each Unitholder's entitlement to the percentage of Distributable Income (before deduction of items in accordance with the Deed) is to be determined in accordance with the following formula:

Distribution Entitlement = % of DI x UH/UI

where:

- DI = Distributable Income
- UH = the number of Units held by the Unitholder at the close of business on the Book Closing Date for the relevant Distribution Period adjusted to the extent it is entitled to participate in the Distributable Income.
- UI = the total number of Units in issue in IGB Commercial REIT at the close of business on the Book Closing Date for the relevant Distribution Period adjusted to the extent it is entitled to participate in the Distributable Income.

10.10 INVESTMENT POLICIES OF IGB COMMERCIAL REIT

10.10.1 Authorised Investments

- (i) Subject to observance of the investment limits as may be prescribed by the SC or the REIT Guidelines from time to time, IGB Commercial REIT may invest in any Authorised Investments.
- (ii) The Trustee must act as custodian and take into its custody, or under its control (in the event of delegation of custody), the Deposited Property and hold the Deposited Property in trust for the Unitholders in accordance with the Deed and the Relevant Laws and Requirements. The Deposited Property shall be registered in the name of the Trustee for and on behalf of the Unitholders, or assigned to the Trustee for and on behalf of the Unitholders, or to the order of IGB Commercial REIT.

For the avoidance of doubt, the Manager may use financial derivatives including but not limited to entering into futures, forwards, options and swap contracts for the purpose of achieving the investment objective of IGB Commercial REIT if in compliance with the Relevant Laws and Requirements.

10.10.2 Investment Limits

In exercising its powers to make investment on behalf of IGB Commercial REIT, and subject to limits as may be prescribed by the SC or the REIT Guidelines from time to time, the Manager must ensure that:

- (i) at least 75.0% of the Total Asset Value of IGB Commercial REIT must be invested in Real Estate that generates recurrent rental income at all times;

10. SALIENT TERMS OF THE DEED (Cont'd)

(ii) the aggregate investments in property development activities (Property Development Costs) and real estate under construction must not exceed 15.0% of the Total Asset Value of IGB Commercial REIT; and

(iii) such other investment or limits as may be permitted by the SC or the REIT Guidelines,

provided that arising from the disposal of Deposited Property or pending acquisition of any Authorised Investments or following capital raising of IGB Commercial REIT, the actual investment ratio of IGB Commercial REIT may be at a variance from the provisions stipulated above, and the REIT Guidelines. However, the Manager may, in consultation with the Trustee, vary the investments forming part of the Deposited Property in the best interests of the Unitholders provided that such variance is in compliance with the REIT Guidelines. Any breach must be rectified within 12 months from the date of the breach (or any other period as may be permitted by the SC).

10.10.3 Restriction on Investment/Activities

Subject always to the provision of the REIT Guidelines, IGB Commercial REIT shall not at any time be involved in the following activities:

(i) the extension of loans, financing facilities or other credit facilities to any person;

(ii) acquisition of vacant land, except for the purposes of property development activities; and

(iii) any other activity which does not comply with the REIT Guidelines and where no waiver from the SC is obtained to exempt compliance with the relevant guidelines.

10.10.4 Investment Policy

(i) The principal investment policy of IGB Commercial REIT is to invest, directly and indirectly, in a diversified portfolio of income producing Real Estate used primarily for commercial purposes in Malaysia and overseas.

(ii) The Manager may, in consultation with the Trustee and subject to all Relevant Laws and Requirements, from time to time change the investment policy of IGB Commercial REIT.

(iii) The Trustee shall ensure that it is fully informed at all times by the Manager of the investment policy and of any changes made by the Manager to the investment policy of IGB Commercial REIT. Unless otherwise provided by the Relevant Laws and Requirements, any modification to the Deed involving any material change to the investment policy of IGB Commercial REIT must be approved by the Unitholders by way of a resolution of not less than $\frac{2}{3}$ of all Unitholders at a Unitholders' meeting duly convened and held in accordance with the Deed.

10.11 CONCERNING THE TRUSTEE

The Trustee is responsible for the safe custody of the Deposited Property. Any Authorised Investment forming part of the Deposited Property, whether in bearer or registered form, is to be paid, assigned or transferred to or to the order of the Trustee forthwith on receipt by the Manager and is to be dealt with as the Trustee may think proper for the purpose of providing for the safe custody of the same.

10. SALIENT TERMS OF THE DEED (Cont'd)

The Trustee may act as custodian of the Deposited Property itself or the Trustee may delegate this role to another person as custodian or joint custodians (with the Trustee if acting as custodian or with any other custodian appointed by the Trustee) of the whole or any part of the Deposited Property and (where the Trustee is custodian) may appoint or (where the Trustee appoints a custodian) may empower such custodian or joint custodian (as the case may be) to appoint with the prior consent in writing of the Trustee, sub-custodians. Any such delegation can only be carried out by the Trustee in compliance with the REIT Guidelines and the Trustee shall remain responsible for the actions and omissions of any delegate as though they were its own actions and omissions. Where this role is delegated, the Trustee should ensure that:

- (i) it retains control of IGB Commercial REIT's property at all times; and
- (ii) there are adequate arrangements to prevent the delegate from releasing the custody or control of IGB Commercial REIT's property without its prior consent.

The Trustee shall not be under any obligation to institute, acknowledge service of, appear in, prosecute or defend any action, suit, proceedings or claim in respect of the provisions of the Deed or in respect of the Deposited Property or any part thereof or any corporate or Unitholders' action which in its opinion would or might involve it in expense or liability, unless the Manager shall so request in writing, and shall so often as required by the Trustee furnish it with an indemnity satisfactory to it against any such expense and liability.

Except if and so far as otherwise expressly provided in the Deed, the Trustee as regards all the trusts, powers, authorities and discretions vested in it has absolute and uncontrolled discretion as to the exercise of the same, whether in relation to the manner or as to the mode of and time for such exercise, and in the absence of fraud, negligence, wilful default, breach of the Deed or breach of trust the Trustee shall not be in any way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise of the same.

10.12 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

Please refer to Section 8.3 "Functions, Duties and Responsibilities of the Trustee" of this Prospectus for details of the functions, duties and responsibilities of the Trustee.

10.13 RETIREMENT, REMOVAL AND REPLACEMENT OF THE TRUSTEE

Please refer to Section 8.6 "Retirement, Removal and Replacement of the Trustee" of this Prospectus for details of the retirement, removal and replacement of the Trustee.

10. SALIENT TERMS OF THE DEED *(Cont'd)*

10.14 LIMITATION OF LIABILITY AND INDEMNITY OF THE TRUSTEE

It is expressly agreed that the Trustee enters into the Deed and any documents in relation thereto only in its capacity as trustee of IGB Commercial REIT. A liability arising under the Deed and any such document shall be limited to and can be enforced against the Trustee only to the extent to which the Trustee can satisfy such liability out of the Deposited Property. Subject to the provisions of the Deed and the Relevant Laws and Requirements and without prejudice to any right of indemnity at law given to the Trustee, the Trustee shall be entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as the Trustee to have recourse to the Deposited Property or any part thereof:

- (i) if the same are not caused by any fraud, negligence, recklessness, wilful act or omission, breach of trust or breach of contractual duty on the part of the Trustee or by its failure to show the degree of care, due diligence and vigilance required of a trustee in the execution or performance of its obligations under the Deed and/or any other documents in relation thereto; or
- (ii) where a majority of not less than $\frac{3}{4}$ of all Unitholders for the time being, voting at a meeting summoned for the purposes releases the Trustee with respect to specific acts or omission.

10.15 CONCERNING THE MANAGER

The Manager shall, subject to the provisions of the Deed and the Relevant Laws and Requirements, carry out all activities as it may deem necessary for the management of IGB Commercial REIT and its business, including but not limited to undertaking the following activities:

- (i) to develop a business plan for the Deposited Property in the short, medium and long term with a view to maximising income of IGB Commercial REIT;
- (ii) to recommend to the Trustee in writing to purchase, transfer, acquire, hire, let, lease, license, exchange, dispose of, convey, surrender or otherwise deal with any Authorised Investment in furtherance of the investment policy and prevailing investment strategy of IGB Commercial REIT; and
- (iii) to supervise and oversee the management of Deposited Property (including but not limited to lease audit, systems control, data management and business plan implementation) in accordance with the provisions of the Deed.

Unless otherwise expressly provided in the Deed, the Manager shall as regards all the powers, authorities and discretions vested in it have absolute and uncontrolled discretion as to the exercise thereof whether in relation to the manner or as to the mode of and time for the exercise thereof and in the absence of fraud, negligence, wilful default or breach of the Deed, the Manager shall not be in any way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof. Notwithstanding the above, the Manager shall be responsible at all times for the exercise or non-exercise of its power, authorities and discretions in respect of the management of IGB Commercial REIT and the investment of the Deposited Property.

10. SALIENT TERMS OF THE DEED (Cont'd)

10.16 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE MANAGER

Please refer to Section 6.2 “Functions, Duties and Responsibilities of the Manager” of this Prospectus for other salient terms of the functions, duties and responsibilities of the Manager as provided in the Deed.

10.17 RETIREMENT, REMOVAL OR REPLACEMENT OF THE MANAGER

Please refer to Section 6.12 “Retirement, Removal or Replacement of the Manager” of this Prospectus for details of the retirement, removal and replacement of the Manager.

10.18 LIMITATION OF LIABILITY AND INDEMNITY OF THE MANAGER

The Manager shall not be under any liability except such liability as may be assumed by it under the Deed nor shall the Manager be liable for any act or omission of the Trustee.

Subject as expressly provided in the Deed and without prejudice to any right of indemnity at law given to the Manager, the Manager shall be entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Manager to have recourse to the Deposited Property, save where such action, cost, claim, damage, expense or demand is occasioned by fraud, negligence, wilful default or breach of the Deed by the Manager.

10.19 MANAGER’S FEES AND TRUSTEE’S FEE

The provisions on the Manager’s fees and the Trustee’s fee are as set out in the Deed. Please refer to Section 6.6 “Management Fees” and Section 8.5 “Trustee’s Fee” of this Prospectus for details of the Manager’s fees and the Trustee’s fee respectively.

10.20 PERMITTED CHARGES OF IGB COMMERCIAL REIT

The Trustee and/or the Manager shall in addition to their remuneration and rights to indemnification or reimbursement conferred under any other provision of the Deed or by law, respectively be indemnified and shall be reimbursed out of either the income of IGB Commercial REIT or the capital of IGB Commercial REIT (as determined from time to time by the Manager after consultation with the auditor) for all fees, costs, charges, expenses and outgoings reasonably and properly incurred by or on behalf of the Trustee or the Manager as the case may be, that are directly related and necessary to the business of IGB Commercial REIT.

10. SALIENT TERMS OF THE DEED *(Cont'd)*

10.21 MODIFICATION OF THE DEED

All modifications to the Deed must be made through a deed supplementary to the Deed and will take effect only upon registration of the supplementary deed with the SC. The Manager must submit any such supplementary deed to the SC for such registration pursuant to the CMSA. In addition to the foregoing, any material change to the investment objectives of IGB Commercial REIT must be approved by resolution passed by a majority consisting of not less than $\frac{2}{3}$ of the votes given on a poll, for the time being (or such other majority as may be required under the REIT Guidelines from time to time), given at a meeting of Unitholders duly convened and held in accordance with the Deed.

10.22 TERMINATION AND WINDING-UP OF IGB COMMERCIAL REIT

The Trustee shall terminate IGB Commercial REIT:

- (i) if at a duly convened meeting of Unitholders a Special Resolution (or otherwise in accordance with the requirements of the REIT Guidelines), is passed that IGB Commercial REIT be terminated; or
- (ii) if the Manager is in liquidation or where the Trustee is of the opinion that the Manager has ceased to carry on business or has, to the prejudice of the Unitholders, failed to comply with any provision or covenant of the Deed or contravened any provisions of any Relevant Laws and Requirements, and at a meeting duly summoned in accordance with Section 301 of the CMSA, a Special Resolution is passed that IGB Commercial REIT be terminated; or
- (iii) if at any time during the life of IGB Commercial REIT, the Manager, after consultation with the Trustee, is of the opinion that changes in the economic climate or taxation law have caused or are likely to cause the Unitholders to be detrimentally affected, the Manager requests the Trustee to summon a meeting of Unitholders and place a Special Resolution before such a meeting, setting out the action they recommend at the meeting to endorse to meet such changes, and the meeting decides to terminate IGB Commercial REIT; or
- (iv) if the Listing does not take place within three (3) months from the date of this Prospectus for the Listing and a Special Resolution (or otherwise in accordance with the requirements of the REIT Guidelines), is passed at a duly convened meeting of Unitholders to terminate IGB Commercial REIT; or
- (v) if at any time after the Listing Date, the Units are unconditionally suspended from trading and such suspension is not lifted within a continuous period of 90 Market Days after such suspension (notwithstanding any rights, powers or duties of the Manager or the Trustee and directions given by or resolutions of the Unitholders). In this case, winding up of IGB Commercial REIT in accordance with the Deed will immediately commence upon the end of such 90 Market Days; or
- (vi) if the SC's approval is revoked under Section 212(7)(A) of the CMSA or if any law is passed which renders it illegal to continue IGB Commercial REIT.

10. SALIENT TERMS OF THE DEED (Cont'd)

If the termination events in paragraph (ii) above occur, the Trustee must apply to the Court for an order confirming the Unitholders' resolution. The Court may confirm the resolution if the Court is satisfied that it is in the interests of the Unitholders to do and may make orders for the winding-up of IGB Commercial REIT (including but not limited to procedures for a voluntary winding-up of IGB Commercial REIT), which orders must be carried out by the Trustee.

The Manager may terminate IGB Commercial REIT in its absolute discretion by giving notice to all Unitholders and the Trustee not less than three (3) months (or such shorter period if the circumstances reasonably necessitate earlier notice) in advance if IGB Commercial REIT is delisted by Bursa Securities. In the event that the Manager elects not to terminate IGB Commercial REIT, then the Manager will secure offers for the purchase of the Units then held by the Unitholders.

Upon termination of IGB Commercial REIT (other than due to the events in paragraph (ii) above) the following shall have effect:

- (i) the Trustee shall as soon as practicable sell, call in and convert into money the Deposited Property, and divide the proceeds of such sale, calling in and conversion less all proper costs and disbursement, commissions, brokerage fees, fees payable to the Manager and the Trustee on termination of IGB Commercial REIT and other outgoings including costs of final distribution of capital and income and all proper provisions for liabilities of IGB Commercial REIT, among the Unitholders in proportion to the number of Units which they hold respectively at the date of the decision to terminate IGB Commercial REIT provided that the Trustee may at its discretion make a partial distribution of capital from time to time and the Trustee and Manager shall on termination of IGB Commercial REIT be deemed as preferential creditors as provided in the Act;
- (ii) the Trustee shall as soon as practicable after the date of the notice in Clause 27.3 of the Deed, give to each Unitholder notice of impending distribution;
- (iii) the Trustee may postpone the sale, calling in and conversion of any part of the investment and property comprised in IGB Commercial REIT for such time as it thinks it desirable so to do in the interest of the Unitholders and shall not be responsible for any loss attributable to such postponement except to the extent that such loss may be attributable to the Trustee's own neglect or default;
- (iv) the Trustee may retain in its hands or under its control for as long as it thinks fit such part of IGB Commercial REIT as in its opinion may be required to meet any outgoings of IGB Commercial REIT or any of the investments thereof provided that any investments or monies so retained to the extent that they are ultimately found not to be so required shall remain subject to IGB Commercial REIT for conversion and distribution in accordance with the Deed;
- (v) the Trustee and the Manager are entitled to:
 - (a) be paid from the proceeds of realisation of IGB Commercial REIT before any payment is made to the Unitholders, all costs incurred:
 - (1) by the Trustee and the Manager before the winding up of IGB Commercial REIT which has not been recouped;

10. SALIENT TERMS OF THE DEED *(Cont'd)*

- (2) by the Trustee and the Manager in connection with the winding up of IGB Commercial REIT and the realisation of the Deposited Property;
 - (3) by or on behalf of any creditor of the Trustee or the Manager in relation to IGB Commercial REIT;
 - (4) by or on behalf of any agent, solicitor, banker, accountant or other person employed by the Trustee or the Manager in connection with the winding up of IGB Commercial REIT; and
- (b) following the termination of IGB Commercial REIT and until the winding up is completed, their remuneration provided for in the Deed.

The provisions of the Deed shall continue to apply (where applicable) pending the completion of the winding up process unless provided otherwise in the Deed.

IGB Commercial REIT shall nevertheless terminate at the expiration of a period of 999 years after the date of the registration of the Deed with the SC.

10.23 MEETINGS OF UNITHOLDERS

Either the Trustee or the Manager may convene a meeting of Unitholders by giving notice to the Unitholders in accordance with the Deed, which notice shall specify the general nature of the business to be transacted. The Manager shall within 21 days after the application requisition has been delivered to the Manager at its registered office, being an application requisition by not fewer than 50, or $\frac{1}{10}$ in number, whichever is lesser, of all Unitholders, convene a meeting of Unitholders in accordance with the Deed.

The Manager is entitled to receive notice of and to attend and speak at any meeting of the Unitholders but the Manager shall not be entitled to exercise its voting rights in respect of Units which it or its nominee holds or is deemed to hold for such meeting, unless otherwise permitted by the SC or the Relevant Laws and Requirements.

Notwithstanding the above, the Manager may exercise its voting rights for the Units held by it or its nominees in a general meeting held for the removal of the Manager.

Every meeting of Unitholders may be convened, held and conducted in such a way that persons who are not present together at the same place may by electronic means attend and speak and vote at it.

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

11.1 CORPORATE GOVERNANCE

The Manager has adopted a corporate governance framework that meets best practices of good governance on structures and internal processes by adopting the requirements and guidelines set out in the REIT Guidelines, Listing Requirements, Malaysian Code on Corporate Governance issued by the SC and the Corporate Governance Guide issued by Bursa Malaysia Berhad, as updated from time to time, in the performance of its obligations and duties as described in the Deed.

11.2 EXISTING AND ON-GOING RELATED PARTY TRANSACTIONS

Pursuant to the REIT Guidelines, a related party transaction is any transaction between the REIT and its related parties, and a “related party” includes:

- (i) the management company, the trustee or a major unitholder of the REIT;
- (ii) a director, chief executive officer or major shareholder of the management company; and
- (iii) persons connected with any director, chief executive officer, or major shareholder of the management company, or a person connected with the management company, trustee or a major unitholder of the REIT.

In relation to a director, chief executive officer or major shareholder of the management company, the management company, trustee or major unitholder of the REIT, a “person connected” is defined to include a body corporate in which the director, chief executive officer or major shareholder of the management company, the management company, the trustee or major unitholder of the REIT, and/or persons connected to him are entitled to exercise, or control the exercise of, not less than 20.0% of the votes attached to the voting shares in such body corporate.

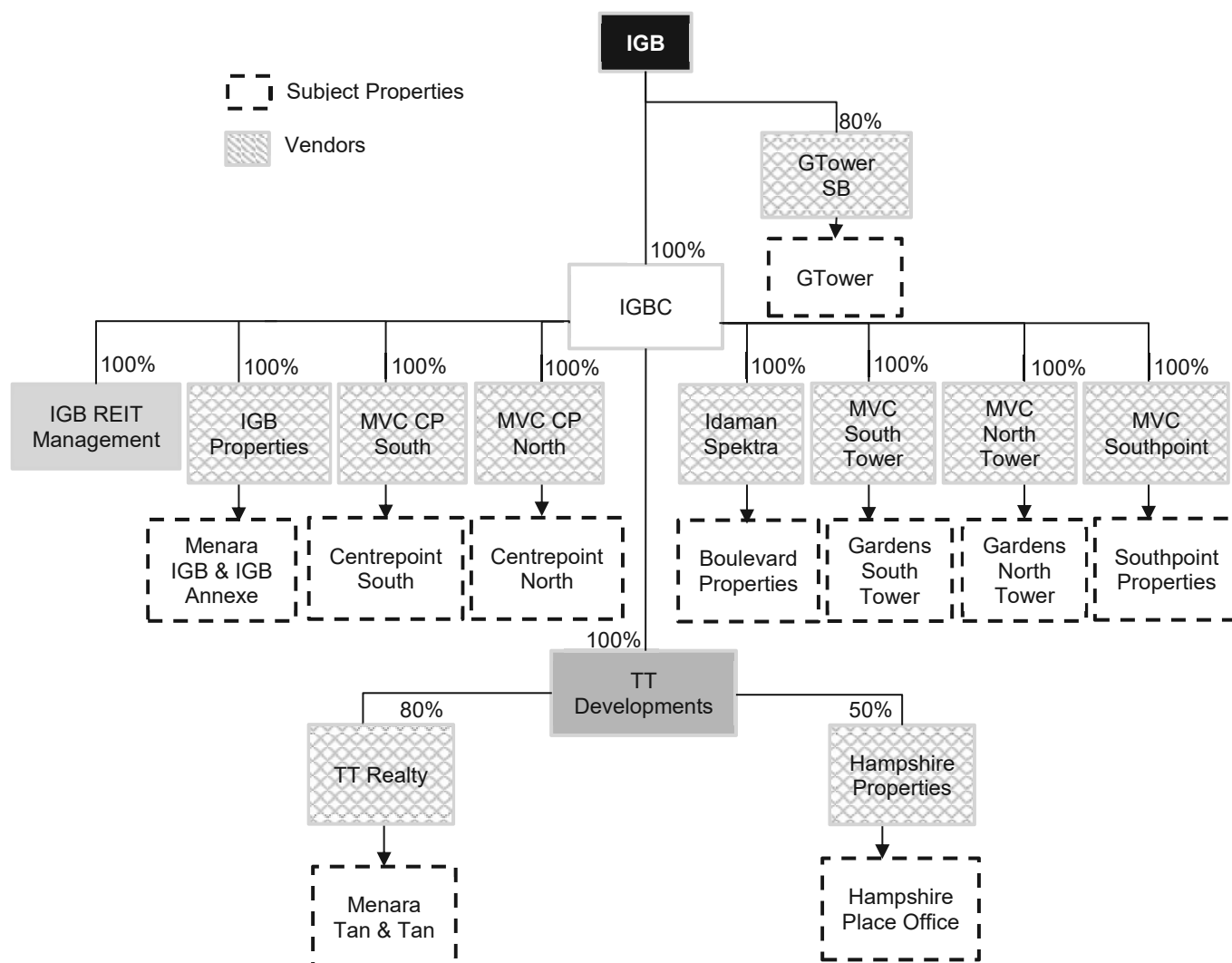
11.2.1 Acquisitions of the Subject Properties

The Acquisitions are deemed related party transactions under the REIT Guidelines in view of the following:

- (a) the Sponsor and Dato’ Seri Robert Tan Chung Meng are major shareholders of the Manager;
- (b) Dato’ Seri Robert Tan Chung Meng is a director of the Manager; and
- (c) the Vendors are persons connected to the Sponsor and Dato’ Seri Robert Tan Chung Meng.

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

The organisational chart illustrating the relationship between the Vendors, the Manager and the Sponsor is as follows:



The total purchase consideration for the Acquisitions of RM3,160.5 million is equivalent to 100.0% of the Appraised Value. The Acquisitions are consistent with the investment objective and strategy of IGB Commercial REIT. Please refer to Section 2.3 “Acquisitions by IGB Commercial REIT” and Section 14.3 “Salient Terms of the SPAs” of this Prospectus for further details on the Acquisitions and the SPAs respectively.

11.2.2 Licence granted by the Registered Trademark Owners to IGB Commercial REIT to use certain trademarks

Pursuant to four (4) Trademark Licensing Agreements, each dated 3 May 2021, the Registered Trademark Owners (i.e. IGB, MVC, MVCG and TT Developments) have each granted the Trustee and the Manager a non-exclusive licence to use among others, the registered trademarks “IGB”, “The Gardens”, and “GTower”. Please refer to Section 1.9 “Intellectual Property” of this Prospectus. The arrangement is deemed a related party transaction in view that the Registered Trademark Owners are persons connected to the Manager and the Sponsor.

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.2.3 Other Related Party Transactions

In addition to the above, set out below are the details of the existing and on-going transactions between the Vendors, the Sponsor and the Manager and/or person connected with the Vendors, Sponsor and/or the Manager relating to the Subject Properties. Upon completion of the SPAs, all rights and obligations of the Vendors pursuant to these transactions will be transferred and/or assumed by IGB Commercial REIT.

No.	Nature of transactions relating to the Subject Properties that will be assumed by IGB Commercial REIT	Transacting/Related Party	Relationship
1.	Lease of space and other building-related facilities	<ul style="list-style-type: none"> • The Sponsor • IGB REIT⁽¹⁾ • Wah Seong (Malaya) Trading Co Sdn Bhd (“WSTSB”) • Tan Chin Nam Sdn Bhd (“TCNSB”) • IGB Digital Sdn Bhd (formerly known as AFMS Solutions Sdn Bhd (“IDSB”)) • The Gardens Theatre Sdn Bhd (“TGTSB”) • TT Developments • MVC Cybermanager Sdn Bhd (“MCSB”) • Kondoservis Management Sdn Bhd (“KMSB”) • IGB Property Management Sdn Bhd (“IPMSB”) • MVC Southpoint • Ensignia Construction Sdn Bhd (“ECSB”) • Mid Valley City Energy Sdn Bhd (“MVC Energy”) • MVC • MVCG • Wasco Management Services Sdn Bhd (“Wasco”) 	<ul style="list-style-type: none"> • The Sponsor is the parent company of the Manager and will be a major Unitholder • IGB REIT is managed by the Manager • WSTSB is a major shareholder of the Sponsor • TCNSB is a major shareholder of the Sponsor • IDSB is wholly owned by the Sponsor • TGTSB, TT Developments, MCSB, KMSB, IPMSB, MVC Southpoint, ECSB, MVC Energy, MVC and MVCG are all wholly owned by the Sponsor • Wasco is wholly owned by Wah Seong Corporation Berhad (“WSCB”), a person connected to a director and a major shareholder of the Sponsor and a director of the Manager

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Nature of transactions relating to the Subject Properties that will be assumed by IGB Commercial REIT	Transacting/Related Party	Relationship
		<ul style="list-style-type: none"> • Strass Media Sdn Bhd (“SMSB”) • Three Men Ventures Sdn Bhd (“TMVSB”) • JobsCapital Sdn Bhd (“JCSB”) 	<ul style="list-style-type: none"> • SMSB is a 60%-owned subsidiary of WSTSB • A substantial shareholder and director of TMVSB is a person connected with a substantial shareholder and an alternate director of the Sponsor • A substantial shareholder and director of JCSB is a person connected with a director of the Sponsor and the Manager
2.	Provision of information and communications technology products and services	<ul style="list-style-type: none"> • IDSB 	<ul style="list-style-type: none"> • IDSB is wholly owned by the Sponsor
3.	Receipt of chilled water	<ul style="list-style-type: none"> • IGB REIT⁽¹⁾ 	<ul style="list-style-type: none"> • IGB REIT is managed by the Manager
4.	Purchase of building materials, audio equipment, electrical equipment and related products and services	<ul style="list-style-type: none"> • WSTSB • Sigma Audio Visual Sdn Bhd (“SAVSB”) • Syn Tai Hung Trading Sdn Bhd (“STHSB”) 	<ul style="list-style-type: none"> • WSTSB is a major shareholder of the Sponsor • The shareholders and directors of SAVSB are persons connected to a director and a major shareholder of the Sponsor and a director of the Manager • STHSB is wholly owned by WSCB, a person connected to a director and major shareholder of the Sponsor and a director of the Manager
5.	Receipt of building maintenance, upgrading and repair	<ul style="list-style-type: none"> • ECSB • MVC Energy 	<ul style="list-style-type: none"> • ECSB and MVC Energy are wholly owned by the Sponsor
6.	Receipt of installation and maintenance of light boxes, panels, signages, etc. and advertising	<ul style="list-style-type: none"> • WSTSB 	<ul style="list-style-type: none"> • WSTSB is a major shareholder of the Sponsor

Note:

(1) Entered into by MTrustee Berhad as the trustee of IGB REIT.

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.3 POTENTIAL RELATED PARTY TRANSACTIONS

11.3.1 Management Fees

The Manager is wholly owned by the Sponsor. Accordingly, the payment of the Management Fees by IGB Commercial REIT to the Manager will be a related party transaction.

11.3.2 Potential acquisitions

In the event of any acquisition pursuant to the exercise of the ROFR, the sale and purchase agreement for such proposed acquisition will be a potential related party transaction. Potential conflict of interest may arise between IGB Commercial REIT and the vendors of such assets during the negotiation on the terms of such sale and purchase agreement.

11.4 POTENTIAL CONFLICTS OF INTEREST

11.4.1 The Sponsor

The Sponsor and its subsidiaries are engaged in, and/or may engage in among others, investment in, and the development, management and operation of commercial properties which may compete with the Subject Properties. Further, the Sponsor and its subsidiaries may also sponsor, manage or invest in other REITs or other SPVs which may compete directly with IGB Commercial REIT.

Certain directors of the Manager sit on the board of directors of the Sponsor. As a result, the strategies and activities of IGB Commercial REIT may be influenced by the overall interests of the Sponsor. There can be no assurance that conflicts of interest may not arise among IGB Commercial REIT, the Manager and the Sponsor in the future.

In addition, pursuant to the Internal Audit Services Agreement dated 3 May 2021 between the Sponsor and the Manager, the Manager has appointed Group Internal Audit (GIA) Division of the Sponsor to provide internal audit services to the Manager and to perform and exercise the duties of the Manager in respect of the internal audit function, which may give rise to potential conflicts of interest among the Manager and the Sponsor. In order to mitigate any potential conflicts of interest, such appointment has been approved and the renewal of such appointment will be approved by the independent directors of the Manager.

11.4.2 The Manager

The Manager is also the management company of IGB REIT, a REIT established with the principal investment policy of investing, directly and indirectly, in a diversified portfolio of income producing Real Estate used primarily for retail purposes in Malaysia and overseas. In comparison, IGB Commercial REIT is a REIT established with the principal investment policy of investing, directly and indirectly, in a portfolio of income producing Real Estate used primarily for commercial purposes in Malaysia and overseas. In managing both IGB REIT and IGB Commercial REIT, the Manager is of the view that there is no potential conflict of interest as both of the REITs have different principal investment policies.

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Further, in order to mitigate any potential conflicts of interest, the Manager has undertaken certain measures that will not allow it to manage any other REIT which invests in the same type of properties as IGB Commercial REIT, and has established a separate operations team headed by a Deputy Chief Executive Officer, to manage the operations of IGB Commercial REIT as disclosed in Section 6.3 "Management Reporting Structure" of this Prospectus.

11.4.3 **Manager's operational procedures on related party transactions and dealing with conflict of interest situations**

Upon Listing, IGB Commercial REIT will be subject to the REIT Guidelines and/or the Listing Requirements (where applicable) on related party transactions (including recurrent related party transactions). Compliance of IGB Commercial REIT with the REIT Guidelines and the Listing Requirements will ensure that related party transactions will not prejudice the interests of the Unitholders as a whole.

The Listing Requirements provide, among others, where the percentage ratio of a related party transaction is 5.0% or more and the value of the consideration of the transaction is RM500,000 or more, an independent adviser who is a corporate finance adviser within the meaning of the SC's Principal Adviser Guidelines must be appointed before the terms of the transaction are agreed upon and approval of the Unitholders in a general meeting must be obtained for the transaction. In addition, the REIT Guidelines also provides that related parties of the Manager should not vote or be counted as quorum at a meeting if they have interest in the outcome of a transaction tabled for approval which is different from the interests of other Unitholders.

The Listing Requirements oblige the Manager to make prompt announcements and disclosures in IGB Commercial REIT's annual reports in relation to any related party transactions.

In order to mitigate any potential conflict of interest, the Manager has also instituted the following procedures:

- (i) the Manager will not manage any other REIT which invests in the same type of properties as IGB Commercial REIT;
- (ii) in respect of matters or transactions which a Director or a person connected to him or her has an interest (directly or indirectly), such Director shall not participate in any proceedings of the Board and shall abstain from voting in respect of such matter or transaction;
- (iii) the Board shall maintain a minimum ratio of at least one-third independent directors at all times;
- (iv) the directors of the Manager owe fiduciary duties to the Manager and as such the directors will ensure that the Manager act in good faith and in the best interests of IGB Commercial REIT in its capacity as the manager of IGB Commercial REIT; and
- (v) any transactions in which a conflict of interest will arise should be executed on terms which are the best available for IGB Commercial REIT and which are no less favourable to IGB Commercial REIT than arm's-length transactions between independent parties and be adequately disclosed in the Prospectus and fund reports of IGB Commercial REIT.

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

All related party transactions are subject to regular periodic review by the Audit Committee on a quarterly basis. If a member of the Audit Committee has an interest in a transaction, he/she is to abstain from participating in the review and recommendation process in relation to that transaction.

11.4.4 Dealing in securities

Pursuant to the internal practice of the Manager, the Directors and employees of the Manager are prohibited from dealing in the Units, while in possession of unpublished material or non-public price sensitive information in relation to such securities and during the black-out or closed period in the respective jurisdictions.

The Directors and employees of the Manager are prohibited from directly or indirectly communicating any price-sensitive information to another person.

The Directors and employees of the Manager are required to declare on a quarterly basis, any related party transactions entered into.

11.5 INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF THE MANAGER IN OTHER CORPORATIONS CARRYING ON SIMILAR BUSINESSES

As at the Latest Practicable Date, none of the directors of the Manager and substantial shareholders of the Manager hold any interest in other corporations carrying on similar business.

For the purpose of this Section 11.5, “**similar business**” means the management of a REIT with an investment policy of investing in Real Estate used primarily for commercial purposes in Malaysia and overseas.

11.6 OTHER PERTINENT INFORMATION

The Manager will comply with all requirements as laid out in the REIT Guidelines on related party transactions including provisions contained in the Deed.

The Manager has established procedures that will ensure that such transactions are undertaken in full compliance with the REIT Guidelines and are carried out on an arm's length basis and under normal commercial terms and in the best interest of the Unitholders.

The Manager would have to demonstrate to the Audit Committee that transactions (whether purchase of services or property) would be taken on normal commercial terms, which may include in the case of the purchase of services, the obtaining of quotations from parties unrelated to the Manager, or in the case of purchase of property, the obtaining of valuation from an independent valuer.

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Related party transactions shall require the Trustee to ensure that such transactions are at arm's length, based on normal commercial terms and not prejudicial to the interest of the Unitholders. Furthermore, the Trustee has the ultimate discretion under the Deed to decide whether or not to enter into a transaction involving acquisition of Authorised Investments from a related party of the Manager. If the Trustee is to sign any contract with a related party of the Manager, the Trustee will review the contract documentation to ensure it complies with the requirements and provisions relating to related party transactions contained in the REIT Guidelines and the Deed.

11.7 DECLARATIONS BY ADVISERS

11.7.1 HLIB

HLIB, its subsidiaries and associated companies as well as its penultimate holding company, namely Hong Leong Financial Group Berhad ("**Hong Leong Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses.

The Hong Leong Group has engaged, and may in the future, engage in transactions with and perform services for the Sponsor and its subsidiaries ("**IGB Group**"), IGB Commercial REIT, the Manager and/or its affiliates. In addition, in the ordinary course of business, any member of the Hong Leong Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of IGB Group, IGB Commercial REIT, the Manager and/or its affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of IGB Group, IGB Commercial REIT, the Manager and/or its affiliates.

As at the Latest Practicable Date, IGB Group, IGB Commercial REIT, the Manager and/or its affiliates does not have credit facilities with the Hong Leong Group. However, the Sponsor is in discussions with the Hong Leong Group for a new credit facility to part finance the Acquisitions. As at the Latest Practicable Date, the Hong Leong Group holds approximately RM221.8 million MTNs under MTN programmes (where HLIB also acts as the Facility Agent) and in the IGB Group. Additionally, HLIB is the Principal Adviser, Lead Arranger, Lead Manager, Lodgement Party and Facility Agent for the MTN Programme to be undertaken by the IGB Commercial REIT.

Notwithstanding the above, HLIB is of the view that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as (i) Principal Adviser to the Manager for the establishment of IGB Commercial REIT, the Acquisitions, the Offering and the Listing ("**REIT Establishment and Listing**"); (ii) Joint Bookrunner for the Institutional Offering; (iii) Principal Adviser, Lead Arranger, Lead Manager, Lodgement Party and Facility Agent for the MTN Programme; and (iv) Principal Adviser to IGB for the establishment of IGB Commercial REIT, disposals of the Subject Properties by the Vendors to the Trustee (on behalf of IGB Commercial REIT) ("**Disposals**"), the Offering and the Listing as:

- (i) HLIB is a licensed investment bank and its appointment as (i) Principal Adviser to the Manager for the REIT Establishment and Listing; (ii) Joint Bookrunner for the Institutional Offering; (iii) Principal Adviser, Lead Arranger, Lead Manager, Lodgement Party and Facility Agent for the MTN Programme; and (iv) Principal Adviser to IGB for the establishment of IGB Commercial REIT, the Disposals, the Offering and the Listing, and the investment in the IGB Group arose in its ordinary course of business;

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (ii) the conduct of the Hong Leong Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013 and, where applicable, the CMSA, as well as the Hong Leong Group's own internal controls and checks; and
- (iii) the aggregate exposure by the Hong Leong Group of approximately RM221.8 million is not material when compared to the latest audited consolidated net assets of the Hong Leong Group as at 30 June 2020 of approximately RM20,898.0 million.

Save as disclosed above, HLIB confirms that, as at the Latest Practicable Date, it is not aware of any other circumstances which would or is likely to give rise to a possible conflict of interest situation in HLIB's capacity as (i) the Principal Adviser to the Manager for the REIT Establishment and Listing; (ii) Joint Bookrunner for the Institutional Offering; (iii) Principal Adviser, Lead Arranger, Lead Manager, Lodgement Party and the Facility Agent for the MTN Programme; and (iv) Principal Adviser to IGB for the establishment of IGB Commercial REIT, the Disposals, the Offering and the Listing.

11.7.2 PricewaterhouseCoopers PLT

PricewaterhouseCoopers PLT confirms that as at the Latest Practicable Date, it is not aware of any circumstances which would or is likely to exist which would give rise to a possible conflict of interest in its capacity as the Reporting Accountants of IGB Commercial REIT.

In its capacity as the Reporting Accountants, PwC is responsible for the Report on the Compilation of Pro Forma Consolidated Statement of Financial Position as at the date of establishment of IGB Commercial REIT and the Report on Prospective Financial Information for the Forecast Period 2021 as set out in Appendix D "Reporting Accountants' Letter on the Pro Forma Consolidated Statement of Financial Position" and Appendix E "Reporting Accountants' Letter on the Profit Forecasts" of this Prospectus, respectively.

11.7.3 PricewaterhouseCoopers Taxation Services Sdn Bhd

PricewaterhouseCoopers Taxation Services Sdn Bhd confirms that as at the Latest Practicable Date, it is not aware of any circumstances which would or is likely to exist which would give rise to a possible conflict of interest in its capacity as the Tax Consultant of IGB Commercial REIT.

In its capacity as the Tax Consultant, PricewaterhouseCoopers Taxation Services Sdn Bhd is responsible for preparing the Tax Consultant's letter on taxation of IGB Commercial REIT and Unitholders found in Appendix C "Tax Consultant's Letter on Taxation of IGB Commercial REIT and Unitholders" of this Prospectus.

11.7.4 Rahmat Lim & Partners

Rahmat Lim & Partners acted as (i) the Legal Adviser to the Manager in respect of the REIT Establishment and Listing and (ii) legal counsel and legal due diligence solicitors to the Sponsor in connection with the issuance of the circular and notice of the extraordinary general meeting to its shareholders, seeking their approval for the Disposals, the Offering, and the Listing.

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Rahmat Lim & Partners confirms that as at the Latest Practicable Date, it is not aware of any circumstances which would or is likely to exist which would give rise to a possible conflict of interest in its capacity as (i) the Legal Adviser to the Manager in respect of the REIT Establishment and Listing and (ii) legal counsel and legal due diligence solicitors to the Sponsor in connection with the issuance of the circular and notice of the EGM to its shareholders.

11.7.5 Zaid Ibrahim & Co

Zaid Ibrahim & Co confirms that as at the Latest Practicable Date, it is not aware of any circumstances which would or is likely to exist which would give rise to a possible conflict of interest in its capacity as the Legal Adviser to the Joint Bookrunners in relation to the Offering and Listing.

11.7.6 Henry Butcher Malaysia Sdn Bhd

Henry Butcher Malaysia Sdn Bhd acted as (i) the Independent Property Valuer to the Manager in respect of the valuations of the Subject Properties for the Acquisitions and (ii) the Independent Property Valuer to the Sponsor in respect of the valuations of the Subject Properties for the Disposals.

Henry Butcher Malaysia Sdn Bhd confirms that as at 10 February 2021, being the date of the update Valuation Certificate and the Latest Practicable Date, it is not aware of any circumstances which would or is likely to exist which would give rise to a possible conflict of interest in its capacity as (i) the Independent Property Valuer in relation to the Acquisitions; and (ii) the Independent Property Valuer in relation to the Disposals.

In its capacity as the Independent Property Valuer to the Manager, Henry Butcher Malaysia Sdn Bhd was responsible for preparing the Valuation Certificate dated 14 September 2020 and update Valuation Certificate dated 10 February 2021 found in Appendix A "Valuation Certificates" of this Prospectus, valuation reports and valuation report checklists for the respective Subject Properties which were submitted to the SC as part of the submission of the valuation reports on 15 September 2020 and the update valuation letters on 10 February 2021.

11.7.7 Maybank Investment Bank Berhad

Maybank Investment Bank Berhad confirms that as at the Latest Practicable Date, it is not aware of any circumstances which would or is likely to exist which would give rise to a possible conflict of interest in its capacity as the Joint Bookrunner in relation to the Offering and Listing.

11.7.8 RHB Investment Bank Berhad

RHB Investment Bank Berhad confirms that as at the Latest Practicable Date, it is not aware of any circumstances which would or is likely to exist which would give rise to a possible conflict of interest in its capacity as the Joint Bookrunner in relation to the Offering and Listing.

11.7.9 Savills (Malaysia) Sdn Bhd

Savills (Malaysia) Sdn Bhd confirms that as at the Latest Practicable Date, it is not aware of any circumstances which exist or is likely to exist which would give rise to a possible conflict of interest in its capacity as the Independent Property Market Consultant in relation to the Offering and Listing.

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

In its capacity as the Independent Property Market Consultant, Savills (Malaysia) Sdn Bhd was responsible for preparing the Independent Property Market Report found in Appendix B “Independent Property Market Report” of this Prospectus.

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12. APPROVALS, RELIEFS AND CONDITIONS

12.1 APPROVALS AND CONDITIONS

- (i) The SC has, via its letter dated 30 March 2021, approved, among others, the following:
- (a) establishment and listing of IGB Commercial REIT on the Main Market of Bursa Securities under Section 214(1) of the Capital Markets and Services Act 2007 (“CMSA”), subject to the terms as contained below; and
 - (b) resultant unitholding structure of IGB Commercial REIT under the equity requirement for public listed companies pursuant to the Listing. The effects of the Listing on the unitholding structure of IGB Commercial REIT are set out below.

1. Terms

- (a) establishment of IGB Commercial REIT with an initial fund size of 2,307,300,000 Units;
- (b) acquisition of the following properties by IGB Commercial REIT:

Subject Properties	Vendors	Purchase consideration (RM'000)	Purchase consideration to be satisfied in the following manner	
			No. of Units at an issue price of RM1.00 per Unit ('000)	Cash (RM'000)
Menara IGB & IGB Annexe	IGB Properties*	188,900	135,600	53,300
Centrepoint South	MVC CP South*	190,500	136,700	53,800
Centrepoint North	MVC CP North*	196,500	139,200	57,300
Boulevard Properties	Idaman Spektra*	78,000	58,900	19,100
Gardens South Tower	MVC South Tower*	391,500	284,600	106,900
Gardens North Tower	MVC North Tower*	382,100	286,900	95,200
Southpoint Properties	MVC Southpoint*	573,500	417,300	156,200
Menara Tan & Tan	TT Realty^	239,100	174,500	64,600
GTower	GTower SB^	739,800	542,100	197,700
Hampshire Place Office	Hampshire Properties #	180,600	131,500	49,100
Total		3,160,500	2,307,300	853,200

Notes:

- * Wholly-owned subsidiary of IGB.
- ^ 80% indirectly/directly-owned by IGB.
- # 50% joint venture company of IGB.

12. APPROVALS, RELIEFS AND CONDITIONS (Cont'd)

- (c) The Offering comprising the following:
- (i) restricted offering by IGB of up to 945,000,132 Units to be allocated as follows:
 - (I) restricted offer for sale of up to 378,000,053 ROFS Units to the Entitled Shareholders on the basis of two (2) ROFS Units for every five (5) IGB Shares held on a date to be announced by IGB, at RM1.00 per ROFS Unit; and
 - (II) distribution-in-specie of up to 567,000,079 DIS Units only to the Entitled Shareholders who have subscribed for their entitlements to the ROFS Units on the basis of three (3) DIS units for every two (2) ROFS Units subscribed.

The ROFS is non-renounceable and non-tradeable. Entitled Shareholders may also partially subscribe or not subscribe to the ROFS.

- (ii) institutional offering of at least 282,000,000 Units to the institutional and selected investors comprising the following:
 - (I) 282,000,000 Units by Wah Seong (Malaya) Trading Co Sdn Bhd, Smooth Operation Sdn Bhd, Tentang Emas Sdn Bhd, Wah Seong Enterprises Sdn Bhd, Wang Tak Company Limited, Wang Tak Majujaya Sdn Bhd, Tan Chin Nam Sendirian Berhad and Tan Kim Yeow Sendirian Berhad ("**Selling Shareholders**"); and
 - (II) all ROFS Units not subscribed by the Entitled Shareholders together with the corresponding DIS Units.

Partial Subscribers and Non-Subscribers will receive the cash raised from the Institutional Offering after netting off the cash due to IGB (which is the unsubscribed ROFS Units multiplied by the ROFS price) and all transactional costs, stamp duties, placement and/or bookbuilding fees and other costs/fees payable, where applicable.

- (d) listing of and quotation for 2,307,300,000 Units on the Main Market of Bursa Securities.

12. APPROVALS, RELIEFS AND CONDITIONS (Cont'd)

2. Effects of the Listing on the unitholding structure of IGB Commercial REIT

The unitholding structure of IGB Commercial REIT upon completion of the Listing is as follows:

Unitholders	After the Offering and Listing			
	Minimum Scenario ⁽¹⁾		Maximum Scenario ⁽²⁾	
	No. of Units	%	No. of Units	%
Malaysian				
Bumiputera				
- Individuals	984,675	0.04	1,187,230	0.05
- Body corporate	21,556,810	0.94	32,053,250	1.39
- Nominee companies	155,090,195	6.72	155,326,650	6.73
	177,631,680	7.70	188,567,130	8.17
Non-Bumiputera	1,975,520,985	85.62	1,963,490,350	85.10
Total Malaysian	2,153,152,665	93.32	2,152,057,480	93.27
Foreigner	154,147,335	6.68	155,242,520	6.73
Total	2,307,300,000	100.00	2,307,300,000	100.00

Notes:

- (1) Based on the number of issued IGB Shares of 888,502,362, assuming no conversion of the outstanding 56,497,771 RCCPS 2018/2025 and no share buy-back, distribution, cancellation or resale of 6,987,117 Treasury Shares.
- (2) Based on the number of issued IGB Shares of 888,502,362, assuming full conversion of the outstanding 56,497,771 RCCPS 2018/2025 and distribution or resale of all 6,987,117 Treasury Shares.
- (ii) Bursa Securities has, via its letter dated 7 May 2021, approved the admission of IGB Commercial REIT to the Official List of the Main Market and for the listing of and quotation for the 2,307,300,000 Units to be issued pursuant to the Listing. In addition, Bursa Securities has via the same letter approved the issuance of up to 200.0 million Units to the Manager on a staggered basis in accordance with the terms and formula set out in the Deed, as part payment for the Management Fees together with the listing of and quotation for such Units proposed to be issued to the Manager. The conditions imposed by Bursa Securities and the status of compliance are as follows:

No.	Details of condition imposed	Status of compliance
(i)	With regard to the 200 million units reserved as part payment of the management fees, IGB REIT Management is to provide adequate disclosure in the prospectus on the following:	Complied. Please refer to Section 6.6.1 "Details of the Management Fees" of this Prospectus for the said disclosure.
(a)	Details and type of management fees involved together with the computation thereof; and	
(b)	Basis of determining the issue price of the management units and mode of payment.	

12. APPROVALS, RELIEFS AND CONDITIONS (Cont'd)

No.	Details of condition imposed	Status of compliance
(ii)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements. In this respect, IGB Commercial REIT is advised to include the Stock Code, Stock Short Name and International Securities Identification Number Code upon making the announcement on the timetable for the Offering; and	To be complied.
(iii)	To furnish Bursa Securities a copy of the schedule of distribution showing compliance to the unit spread requirements based on the entire units of IGB Commercial REIT on the first day of listing.	To be complied.

12.2 WAIVERS AND VARIATIONS

Waivers and variations from the REIT Guidelines, Asset Valuation Guidelines and CIS Prospectus Guidelines

The SC has, via its letters dated 10 September 2020 and 16 October 2020, granted the following waivers and variations in respect of compliance with the REIT Guidelines, Asset Valuation Guidelines and the CIS Prospectus Guidelines (collectively, “**Guidelines**”):

Relevant section of the Guidelines	Details of the waiver/variation granted	Details of condition imposed	Status of compliance
Paragraph 8.12(a) of the REIT Guidelines	To allow IGB Commercial REIT to acquire MVC Phase 1 Properties and Southpoint Properties, which are leasehold real estate where the consents of the relevant authorities or parties to transfer the lease interest in the real estate will only be obtained after IGB Commercial REIT’s listing on the Main Market of Bursa Securities	(a) Any land premium required to be paid by MVC, to be settled prior to the registration of the Prospectus;	Noted and complied.
		(b) Disclosure of the risks and mitigating factors related to the acquisition of the MVC Phase 1 Properties and Southpoint Properties in the Prospectus; and	Noted and complied.
		(c) Disclosure of the status of the Consent to Transfer of the MVC Phase 1 Properties and Southpoint Properties in the annual report of IGB Commercial REIT.	Noted and to be complied by IGB Commercial REIT.

12. APPROVALS, RELIEFS AND CONDITIONS (Cont'd)

Relevant section of the Guidelines	Details of the waiver/variation granted	Details of condition imposed	Status of compliance
Paragraph 12.04 of the REIT Guidelines	Waiver from the requirement to undertake an offering of units to the general public through a balloting process.	Nil	Not applicable.
Paragraph 4.12(e)(i) of the Asset Valuation Guidelines	For the Subject Properties, to allow disclosure of the tenancy schedule without detailing the names, the corresponding lot numbers of the respective tenants and the levels of the respective tenants.	Nil	Not applicable.
Paragraph 12.06(b) of Part III of the CIS Prospectus Guidelines	For the Subject Properties, to allow disclosure of the major tenants' percentage contribution to total gross rental income on an aggregate basis together with their individual percentage of occupied net lettable area.	Nil	Not applicable.
Paragraph 3.03(h) of Part VI of the CIS Prospectus Guidelines	To allow the financing documents not to be submitted as part of the IPO application but to be submitted to the SC in compliance with Paragraphs 3.06 and 3.09(b) of Part VI of the CIS Prospectus Guidelines after obtaining the SC's approval for the REIT Establishment and Listing, at least 14 business days prior to the intended date of registration.	Nil	Not applicable.

13. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA

13.1 OVERVIEW OF REGULATION OF REITS IN MALAYSIA

In Malaysia, REITs are governed and regulated by the SC and in addition, a listed REIT would also be subject to the purview of Bursa Securities. The SC is empowered to ensure compliance with the CMSA, the REIT Guidelines and the Rules on Take-overs while Bursa Securities is empowered to ensure the compliance of the listed REIT with the relevant sections of the Listing Requirements. The appointments of the management company and the trustee are subject to the approval of the SC. The CMSA, the REIT Guidelines and the Listing Requirements serve to govern the operation and administration of REITs and together with the Rules on Take-overs serve to protect the interest of unitholders and to facilitate an orderly development of REITs. The trustee and the management company, including their officers and directors, must comply with the CMSA, the REIT Guidelines, the Listing Requirements, the Rules on Take-overs and all other Relevant Laws and Requirements.

13.1.1 Under the CMSA and/or the REIT Guidelines:

- (i) **The management company** – A management company must, among others, be an entity incorporated in Malaysia, hold a Capital Markets Services License (“**CMSL**”) for the regulated activity of fund management in relation to asset management restricted to REITs and be approved by the SC. The REIT Guidelines contain provisions on composition of the board of directors (including independent members), appointment of key personnel which consists of a designated person responsible for the real estate portfolio management of the REIT and compliance officer, property manager as well as roles and responsibilities of a management company.
- (ii) **The trustee** – The appointment of a trustee must be approved by the SC. The minimum requirements of a trustee include, among other things, that it must be a trust company registered under the Trust Companies Act 1949 or incorporated under the Public Trust Corporation Act 1995; be registered with the SC; have a minimum issued and paid-up capital of not less than RM500,000; have the adequate human resources with the necessary qualification, expertise, and experience and have adequate and appropriate systems, procedures and processes, to carry out its duties and responsibilities. A trustee is also obliged by the CMSA to notify the SC as soon as practicable of any irregularity, any breach of the provisions or covenants of the trust deed and/or any contravention of securities laws or any inconsistency between the disclosures in the prospectus and the provisions or covenants of the trust deed, which in the trustee’s opinion, may indicate that the interests of unitholders are not being served.
- (iii) **Delegation and outsourcing** – A management company or a trustee may delegate and outsource its functions to third parties. Nonetheless, this does not relieve a management company or a trustee from its responsibilities. When delegation takes place, it is the duty of the management company and the trustee to ensure that adequate procedures are in place and that the trust deed, prospectus, guidelines and securities laws are complied with. Note also that the delegation of a management company’s function requires notification to the SC in writing.

13. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (Cont'd)

- (iv) **Investment of the REIT** – The REIT Guidelines set out the investment perimeters of REITs in Malaysia including among other things, permissible investments by the REITs, the requirements and restrictions on investments and activities and the level of borrowings or financing facilities (which must not exceed 50.0% of the Total Asset Value of the REIT at the time of the borrowings or financing facilities, or deferred payment arrangements incurred).
- (v) **Valuation** – A valuation of all real estate in a listed REITs portfolio must be carried out at least once every financial year. The REIT Guidelines also govern the valuation of Real Estate and Non-Real Estate Assets, appointment of the valuer and preparation of the valuation report.
- (vi) **Fees** – The REIT Guidelines contain provisions for the remuneration of the management company, remuneration of the trustee and other expenses of the REIT. The management company and the trustee may only be remunerated by way of an annual fee charged to REIT, and the management company may charge a fee for the acquisition or disposal of real estate by the REIT (provided that it has clear justification for each type of fees payable to the management company), which must be permitted by the trust deed and disclosed in the prospectus and only expenses (or part thereof) directly related and necessary in the operation and administration of the REIT may be paid out of the REIT including, among other things, the maintenance of real estate belonging to the REIT, fees for the valuation of any investment of the REIT and listing expenses for listing on the stock exchange.
- (vii) **Operational matters** – The chapter on operational matters in the REIT Guidelines covers issues such as the register of unitholders, the branch register of unitholders outside Malaysia, distribution of income, rebates and soft commission, creation and cancellation of units, termination of REIT, unitholders' meetings, notice of meetings, voting rights at meetings, chairperson of meetings, quorum at meetings, corporate governance principles and best industry standards for all activities conducted in relation to the REIT.

13.1.2 Under the Listing Requirements:

In addition to prescribing the admission procedures and requirements for the admission and listing of a REIT on the Main Market, the Listing Requirements also prescribe the following:

- (i) **Board of directors of the management company** – The board of directors of the management company must have at least two (2) independent directors while maintaining a minimum ratio of at least 1/3 independent directors at all times.
- (ii) **General meetings** – The trust deed of a listed REIT is required to be in compliance with the Listing Requirements in relation to notices, proxies and voting rights of the unitholders.
- (iii) **Continuing listing obligations** – The chapter on continuing listing obligations cover the unitholding spread requirement of a listed REIT of at least 25.0% of the total number of listed units to be held by a minimum number of 1,000 public unitholders holding not less than 100 units each.
- (iv) **Continuing disclosure** – The chapter on continuing disclosure requirements sets out the disclosure policy of Bursa Securities which a listed REIT is required to adhere to, immediate disclosure of any material information, preparation of announcements, financial statements and reports, and consequences for failure to comply.

13. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (Cont'd)

- (v) **Issue of securities by a REIT** - Any issuance of new units by a REIT is subject to approval by the unitholders and approval of Bursa Securities.
- (vi) **Transactions** – A REIT undertaking an acquisition or disposal of real estate from non-related parties and related parties are subject to the requirements set out in the Listing Requirements.

13.1.3 Under the Rules on Take-Overs:

The Rules on Take-overs applies to REITs that are listed on Bursa Securities. Under the Rules on Take-overs, any person acquiring an interest, either individually or with parties acting in concert, in more than 33.0% of the Units (being voting units in IGB Commercial REIT) is required to extend a mandatory offer for the remaining Units in accordance with the Rules on Take-overs, unless otherwise exempted. A take-over offer is also required to be made if a person holding more than 33.0% but not more than 50.0% of the Units, either individually or in concert, acquires more than 2.0% of the Units in any six (6)-month period under the Rules of Take-overs, unless otherwise exempted.

As a result, acquisitions of Units which may result in a change in control of IGB Commercial REIT will be subject to the provisions of the Take-overs Code, such as a requirement to make a mandatory offer for Units.

13.2 OVERVIEW OF LAND LAW

13.2.1 The Land System

In Malaysia, land law is based on the Torrens system of South Australia which operates on the principle of “title by registration”. Notwithstanding the adoption of Torrens system in Malaysia, some lands in the state of Penang and Malacca are still governed by the deed system. The National Land Code (Penang and Malacca Titles) Act 1963 (“**NLCPM**”) was thus enacted to govern such lands and to convert the deed system in Penang and Malacca to the Torrens system used under the NLC.

Pursuant to the Federal Constitution of Malaysia (“**Constitution**”), land matters generally lie within the jurisdiction of the state governments. However, the Constitution specifically provides for federal legislation to apply in such matters for the purposes of ensuring uniformity of law and policy in various aspects of land matters which are not exercisable with regard to the States of Sabah and Sarawak.

The following are the primary pieces of legislation governing land law in Malaysia the operation of which is supplemented by various subsidiary legislations such as the various state land enactments and ordinances which are in force in the respective states in Malaysia:

- (i) the NLC;
- (ii) the NLCPM;
- (iii) Strata Titles Act 1985 (“**STA**”);
- (iv) Strata Management Act 2013 (“**SMA**”);

13. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (Cont'd)

- (v) Sarawak Land Code (Cap 81) ("**Sarawak Land Code**"); and
- (vi) Sabah Land Ordinance (Cap 68) ("**Sabah Land Ordinance**").

The NLC is an act which amends and consolidates the laws relating to land and land tenure, the registration of title to land and of dealings therewith and the collection of revenue therefrom within the States of Johor, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Penang, Perak, Perlis, Selangor and Terengganu, the Federal Territory of Kuala Lumpur, the Federal Territory of Putrajaya and the Federal Territory of Labuan, and for purposes connected therewith while in the States of Sabah and Sarawak, the respective Sabah Land Ordinance and Sarawak Land Code apply.

The rest of Section 13.2 of this Prospectus will cover land law applicable to the states in Peninsular Malaysia and the Federal Territories.

The NLCPM was enacted to provide for the conversion of the system of registration of deeds practiced prior to 1966 to the Torrens system.

STA is an act to facilitate the subdivision of buildings or lands into parcels and the issuance of separate strata titles in relation to the same within Peninsular Malaysia and the Federal Territories and the disposition of titles thereto for the purposes connected therewith.

SMA is an act which provides for the proper maintenance and management of buildings and common property within Peninsular Malaysia and the Federal Territories and for matters incidental thereto.

The NLC expressly provides that it shall not (unless expressly provided to the contrary) affect the provisions of:

- (i) any law relating to customary tenure;
- (ii) any law relating to Malay reservations or Malay holdings;
- (iii) any law relating to mining;
- (iv) any law relating to sultanate lands;
- (v) any law relating to wakaf (relating to the endowment of property for religious and/or public purposes in accordance with Islamic teachings) or bait-ul-mal (an Islamic non-profit financial organisation providing benefits to community members and organisations);
- (vi) the Terengganu Settlement Enactment 1356;
- (vii) the Padi Cultivators (Control of Rent and Security of Tenure) Act 1967;
- (viii) the Kelantan Land Settlement Act 1955;
- (ix) the Land (Group Settlement Areas) Act 1960;
- (x) the Perlis Land Settlement Enactment 1966; and

- (xi) any law relating to exemptions from the payment of land revenue.

13.2.2 Indefeasibility of Title

Pursuant to the NLC, a person will obtain an indefeasible title to or interest in land after his/her proprietorship to or interest in land is being registered on the document of title. However, the indefeasibility of title can be defeated under those circumstances as provided in Section 340(2) of the NLC, which include fraud, misrepresentation or forgery, or where the registration of title or interest is obtained by the use of an insufficient or void instrument or where the title or interest is unlawfully acquired.

13.2.3 Powers of the State Authority

The State Authority is vested with the entire property in all state lands under the NLC. Pursuant to the NLC, "State Authority" refers to the Ruler or Governor of the state, as the case may be, and "state land" refers to all land in the state (including so much of the bed of any river, and of the foreshore and bed of the sea, as is within the territories of the state or the limits of territorial waters) other than land that has already been alienated or reserved (whether as forest or otherwise) or mining land.

Under the NLC, the State Authority has power to alienate land for either:

- (i) a term not exceeding 99 years (commonly referred to as leasehold); or
- (ii) in perpetuity (commonly referred to as freehold).

The power to alienate land by the State Authority is the most common method of disposal of land. The alienation of land by the State Authority is subject to certain conditions such as:

- (i) payment of annual rent;
- (ii) payment of premium (which is subject to exemption by the State Authority);
- (iii) category of land use; and
- (iv) such conditions and restrictions in interest which may be imposed by the State Authority.

Unless an application is made to the State Authority for the extension of the term and such application is approved by the State Authority usually upon the payment of a premium, land alienated for a term not exceeding 99 years shall upon the expiry of such term revert to the State Authority.

In addition to the power to alienate land, the State Authority also has the power to:

- (i) reserve land and grant leases of reserve land for a specific purpose not exceeding 21 years;
- (ii) permit temporary occupation of land;
- (iii) permit the extraction and removal of rock material from land;

13. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (Cont'd)

- (iv) permit the use of air space on or above land; and
- (v) dispose of underground land.

13.2.4 Categories of Land Use

Land in Malaysia is divided into 3 general categories of land use, namely, agricultural, industrial and building. The category of land use is endorsed on the documents of title issued in respect of those lands alienated by the State Authority pursuant to the NLC.

An application may be made to the State Authority by the proprietor of any alienated land for the alteration of any category of land use to which the land is for the time being subject, or where it is not so subject, for the imposition of any category.

Each category of land use is subject to implied conditions as more particularly set out in the NLC. Additionally, specific uses may be specified in the documents of title to land. Failure to comply with express or implied conditions of land use may result in the forfeiture of land by the State Authority.

13.2.5 Dealings in Land

The NLC governs dealings in land and interest in land (which in the context of the NLC includes a registered lease, charge or easement as well as a statutory lien or a tenancy exempt from registration created in respect thereof). Dealings under the NLC may be divided into:

- (i) dealings capable of registration which are transfers, charges, leases and easements; and
- (ii) dealings not capable of registration which are tenancies exempt from registration and statutory liens which are protected by way of an endorsement and the entry of a lienholder's caveat.

In Malaysia, no instrument effecting any dealing with respect to alienated lands and/or interests therein shall be effective until such instrument has been duly registered.

13.2.6 Restrictions in Interest

Restrictions in interest are restrictions expressly endorsed on the document of title to the land which limits the powers of the registered proprietor to deal with the land. An example of such a restriction is the restriction to transfer, charge or lease the land unless the prior consent of the State Authority has been obtained. It is common to find such restrictions in interest endorsed on the documents of title to lands alienated by the State Authority for terms not exceeding 99 years as opposed to lands alienated by the State Authority in perpetuity.

As restrictions in interest imposed on the document of title to the land binds the land, the restrictions therefore bind the owner(s) (whether present or future) of the land.

In the case of a property held or to be held under a strata title, where there is a restriction in interest endorsed on the document of title to the master land, such restriction will also apply to such property, whether or not the separate strata title to such property has been issued.

13.2.7 Restraints on Dealings

Restraints on dealings include the following:

(i) **Private Caveats**

Private caveat is one (1) of the restraints on dealings under the NLC. A person claiming title to or any registrable interest in any alienated land or any right to such title or interest may lodge a private caveat to protect his title or interest in such alienated land. Under the NLC, a non-citizen or foreign company is required to obtain the prior approval of the State Authority before lodging a private caveat.

Once a private caveat is lodged, the registered proprietor may not register or endorse any dealing on the document of title to his land without first removing such private caveat or first obtaining the consent in writing of the person who lodged such private caveat. However, the private caveat will not prevent any dealing made by the registered proprietor, the application for the registration or endorsement of which is made by the registered proprietor before the lodgement of such private caveat.

An application may be made to the Registrar of Titles/Land Administrator or the court by a registered proprietor (or any aggrieved person or body) for the removal of the private caveat. A private caveat will expire six (6) years from the time of the lodgement of the same, unless earlier withdrawn or removed by the person who lodged such private caveat, the Registrar of Titles/Land Administrator or the court.

(ii) **Trust Caveats**

A trust caveat is another type of restraint of dealing under the NLC and has the same legal effect as a private caveat. However, a trust caveat may only be lodged by a trustee, a beneficiary or any person or body by whom any land or interest is first transferred to trustees.

A trust caveat will continue in force until cancelled by the Registrar on an application made by the trustees for the time being and all person and bodies beneficially entitled under the trust.

(iii) **Prohibitory Orders**

Pursuant to the NLC, "prohibitory order" means where land or an interest in land held by a judgment-debtor is to be sold in execution proceedings, an order made pursuant to rules of court by a court of competent jurisdiction prohibiting the judgment-debtor from effecting any dealing therewith or from effecting such dealing therewith as may be specified in the order.

A prohibitory order will take effect once it has been entered by the land registrar and endorsed on the document of title. The order will prohibit the following endorsement or entry:

- (a) any instrument of dealing executed by or on behalf of the proprietor save and except for any certificate of sale relating thereto;

13. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (*Cont'd*)

- (c) any claim to the benefit of any tenancy exempt from registration granted by the proprietor; and
- (c) any lien-holder's caveat.

However, a prohibitory order will not prohibit the registration, endorsement or entry of any instrument, claim or lien-holder's caveat where the instrument was presented, or the application for endorsement or entry received, prior to the time from which the order takes effect.

13.2.8 Malay reserve land and customary land

The Malay Reservation Enactments of the respective states were enacted to secure and protect the Malays' interest in lands reserved for Malays by prohibiting the disposition of such lands by the State and the dealings by the registered proprietors in favour of non-Malays. Any disposal, dealing or attempt to dispose of or deal in Malay reserve land in contravention of the respective Malay Reservation Enactments will be rendered null and void and no action for breach of contract shall be maintained in respect of such disposal of dealing.

The present Malay Reservation Enactments have adopted the policy of providing for exceptions to the prohibition by permitting disposals by the State Authority and dealings by the registered proprietors in favour of certain specified persons and bodies with the approval of the ruler of the state in council of the respective states.

In the same manner, customary land such as those in the state of Malacca, shall only be transferred, charged, leased or transmitted to a Malay pursuant to NLCPM.

13.2.9 Charges

It is common for a financier to require a borrower to create a charge over the land or a lease of land of the borrower in favour of the financier as a security for the financing provided.

A registered proprietor's or registered lessee's power to charge the land or the lease, as the case may be, is subject to any prohibition or limitation imposed by the NLC or any other written law for the time being in force, any restrictions in interest to which the land in question is for the time being subject and in relation to leases, the provision thereof, express or implied.

Every charge created under the NLC shall take effect upon registration so as to render the land or lease in question liable as security in accordance with the provisions thereof, express or implied.

A chargee is required to comply with the NLC when enforcing the charge to obtain a sale of the land or lease to which the charge relates in the event of a breach by the borrower. The chargee is required, among other things, to serve a default notice in the form as prescribed by the NLC and apply to the court or the land administrator, as the case may be, for an order for sale. Upon the registration of any certificate of sale given to a purchaser in respect of a charged land or lease, the title or interest of the registered proprietor/chargor shall pass to and vest in the purchaser, free and discharged from all liabilities under the charge in question and any charge subsequent thereto.

13.2.10 Leases and Tenancies

Under the NLC, tenancies may be granted for terms not exceeding three (3) years. There is no registration requirement for tenancies under the NLC but the interest of a tenant under a tenancy exempt from registration can be protected by way of an endorsement on the document of title to the land.

The proprietor of any alienated land may grant leases of the whole or any part of the land. A lease granted under the NLC must be more than three (3) years and the maximum term for which any lease may be so granted shall be:

- (i) 99 years if it relates to the whole of the land; or
- (ii) 30 years if it relates to a part only thereof.

The lease granted is required to be registered with the relevant land registry or land office in order to vest in the lessee the interest in respect of the said lease.

13.2.11 Sale and Purchase of Real Property

The sale and purchase of real property in Malaysia may be completed by way of transfer or legal assignment. Any transfer of a property with a separate document of title is effected by registration of an instrument of transfer in a format prescribed under the NLC at the relevant land registry or land office. For a property without a separate document of title having been issued, transfer of beneficial ownership of the property is made by way of a legal assignment in favour of a new purchaser of all the rights, interests and title in respect of the property under the principal sale and purchase agreement (made between the original proprietor of the land and/or the developer (as the seller) and the first purchaser).

13.2.12 Properties held under Strata Titles

- (i) Under the STA, the following building or land shall be capable of being subdivided into parcels each of which is to be held under a strata title or an accessory parcel:
 - (a) any building having two (2) or more storeys on alienated land held as one (1) lot under final title and any land on the same lot; and
 - (b) any alienated land having two (2) or more buildings held as one (1) lot under final title.

Where the original proprietor of a building has sold or agreed to sell any parcel comprised in the aforesaid building to any person, it shall be compulsory for the original proprietor to apply for an individual strata title to the parcel within the period stipulated in the STA.

- (ii) The establishment and functions of the JMB, the management corporation (“**MC**”) and the subsidiary management corporation (“**Sub-MC**”) for the purpose of managing and maintaining the common properties and the limited common properties of those buildings constructed on the land situated within West Malaysia and the Federal Territory of Labuan have been provided for in the SMA and the Strata Management (Maintenance and Management) Regulations 2015 (“**SM Regulations**”).

(a) **JMB**

Pursuant to the SMA, the JMB shall be established consisting of the developer and the purchasers upon the convening of the first annual general meeting of the JMB. Upon its establishment, the JMB is responsible for the maintenance and management of the common property. In the event the MC comes into existence before the first annual general meeting of the JMB is convened, the first annual general meeting shall not be required to be convened and no JMB shall be established for that development area and the provisions on MC shall apply to the development area.

Pending the establishment of the JMB, the developer shall be responsible for the maintenance and management of the common property.

The JMB shall elect a joint management committee, which shall consist of such number of persons as the joint management committee may determine in a general meeting but in any case not less than three (3) and not more than 14 natural persons to perform the duties of the JMB, conduct the business of the JMB on its behalf and for that purpose, to exercise the powers of the JMB under the SMA. The joint management committee shall include the developer.

The by-laws set out in the Third Schedule of the SM Regulations shall have effect in relation to every building or land intended for subdivision into parcels and the common property. The JMB may, by special resolution make additional by-laws, or make amendments to such additional by-laws, not inconsistent with the by-laws set out in the Third Schedule of the SM Regulations for regulating the control, management, administration, use and enjoyment of the building or land intended for subdivision into parcels and the common property.

The JMB will be deemed to be dissolved three (3) months from the date of the first meeting of the MC.

(b) **MC**

Upon the opening of a book of the strata register in respect of a subdivided building or land, there shall come into existence the MC consisting of all the parcel proprietors including in the case of phased development, the proprietor of the provisional block or blocks. The MC shall, on coming into existence, become the proprietor of the common property and be the custodian of the issue document of title of the common property. Upon its establishment, the MC is responsible for, *inter alia*, the maintenance and management of the common property.

The by-laws set out in the Third Schedule of the SM Regulations shall have effect in relation to every subdivided building or land and common property. The MC may, by special resolution make additional by-laws, or make amendments to such additional by-laws, not inconsistent with the by-laws set out in the Third Schedule of the SM Regulations for regulating the control, management, administration, use and enjoyment of the subdivided building or land and the common property.

(c) **Sub-MC**

The MC may designate limited common property and create one (1) or more Sub-MC for the purpose of representing the different interests of parcel proprietors by way of comprehensive resolution conducted under the SMA.

Limited common property designated by a comprehensive resolution shall describe, identify or define the boundaries or area of the limited common property in the special plan and specify each parcel comprised in that special plan whose proprietors are entitled to the exclusive benefit of the limited common property.

The Sub-MC is established upon issuance of the certificate by the Director of Lands and Mines certifying that the Sub-MC is a body corporate constituted under the STA on the day specified in the certificate. The Sub-MC shall comprise of all the proprietors of all parcels comprised in the development area for whose exclusive benefit the limited common property is designated.

A Sub-MC shall have the same powers and duties as the MC in relation to all matters which relate solely to the limited common property designated for the exclusive benefit of all proprietors comprising the Sub-MC. After the establishment of the Sub-MC, the MC shall retain its powers and duties in matters concerning common property of the development area which is not designated as limited common property.

A Sub-MC for any limited common property may manage and maintain any common property within that same development area or any other limited common property of another Sub-MC within that development area upon such terms and conditions as may be agreed between the Sub-MC and the MC or other Sub-MC, as the case may be.

The by-laws of the MC shall apply to the limited common property managed and maintained by the Sub-MC unless the by-laws have been otherwise amended by the Sub-MC pursuant to a special resolution passed at a general meeting of the Sub-MC and in respect of any matter that relates solely to that limited common property or Sub-MC. The Sub-MC may, by special resolution make additional by-laws, or make amendments to such additional by-laws, not inconsistent with the by-laws set out in the Third Schedule of the SM Regulations relating to the limited common property designated for the exclusive benefit of all the parcels in the Sub-MC.

The proprietors who constitute the Sub-MC may call and hold meetings and pass resolutions in the same manner as proprietors constituting a MC.

13.2.13 Acquisition of Property by a Non-citizen or Foreign Company

Pursuant to Section 433B of the NLC, a non-citizen or foreign company is not allowed to, among others, acquire any land in Malaysia unless the prior approval of the State Authority has been obtained.

13. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (Cont'd)

Under the NLC, a foreign company means:

- (i) a company, corporation, society, association or other body incorporated outside Malaysia;
- (ii) an unincorporated society, association or other body which under the law of its place of origin may sue or be sued, or hold property in the name of the secretary or other officer of the body or association duly appointed for that purpose and which does not have its head office or principal place of business in Malaysia;
- (iii) a company incorporated under the Act with 50.0% or more of its voting shares being held by a non-citizen, or by a foreign company referred to in Sections 13.2.13(i) or (ii) above, or by both, at the time of the proposed acquisition of any land or any interest in land or at the time of the execution of the instrument or deed in respect of any alienated land or any interest therein, as the case may be; or
- (iv) a company incorporated under the Act with 50.0 % or more of its voting shares being held by a company referred to in Section 13.2.13(iii) above, or by a company referred to in Section 13.2.13(iii) above together with a non-citizen or a foreign company referred to in Sections 13.2.13(i) or (ii) above, at the time of the proposed acquisition of any land or interest in land or at the time of the execution of the instrument or deed in respect of any alienated land or any interest therein, as the case may be.

Under the NLC, a non-citizen means a natural person who is not a citizen of Malaysia.

13.2.14 Guideline on the Acquisition of Properties

Pursuant to the Guideline on the Acquisition of Properties (with effect from 1 March 2014) ("**Guideline**") issued by the Economic Planning Unit within the Prime Minister's Department or any other equivalent ministry, department or unit in charge of granting the approval pursuant to the Guideline ("**EPU**"), except for residential units, the following transaction shall require the approval of EPU:

- (i) direct acquisition of property valued at RM20.0 million and above, resulting in the dilution in the ownership of property held by Bumiputera interest and/or government agency; and
- (ii) indirect acquisition of property by interests other than Bumiputera interest through acquisition of shares, resulting in a change of control of the company owned by Bumiputera interest and/or government agency, having property more than 50.0% of its total assets in value, and the said property is valued more than RM20.0 million.

In addition to the requirement that the said property must be registered in the name of a locally incorporated company, the following equity and paid-up capital conditions will be imposed on the acquiring company for the acquisitions of properties requiring prior EPU approval as set out above:

- (i) the acquiring company must have at least 30.0% Bumiputera interest shareholding; and
- (ii) the acquiring company must have:
 - (a) a paid-up capital of at least RM100,000.00 if the acquiring company is owned by local interests; and

13. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (Cont'd)

- (b) a paid-up capital of at least RM250,000.00 if the acquiring company is owned by foreign interests.

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14. ADDITIONAL INFORMATION

14.1 GENERAL

- (i) No Units will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus, save for the Units to be received by the Manager as payment for its Management Fees.
- (ii) The Units will rank equally in all respects and will be entitled to all distributions that may be declared subsequent to the date of this Prospectus.
- (iii) In accordance with the Deed and Listing Requirements, the Manager is required, on a quarterly basis, to announce the NAV per Unit of IGB Commercial REIT to Bursa Securities. Unitholders are able to keep track of the market price per Unit and the NAV per Unit as announced by the Manager through Bursa Malaysia Berhad's website www.bursamalaysia.com.
- (iv) IGB Commercial REIT will be providing Unitholders with an annual report on its performance which will include information on the NAV per Unit. The Manager must also give the SC the annual report no later than two (2) months after the end of the financial period the report relates to.

Unitholders can obtain information on the current developments and annual reports of IGB Commercial REIT from Bursa Malaysia Berhad's website www.bursamalaysia.com and IGB Commercial REIT's website, details of which are set out below, after the Listing.

- (v) If you require further information on IGB Commercial REIT, the Manager may be contacted at:

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

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E-mail: corporate-enquiry@igbcomreit.com
Website: www.igbcomreit.com

- (vi) Save as disclosed in this Prospectus, as at the Latest Practicable Date, the Directors confirm that IGB Commercial REIT's financial conditions and operations are not affected by any of the following factors:
 - (a) known trends, demands, commitments, events or uncertainties that have, had or that the Manager reasonably expect to have, a material favourable or unfavourable impact on IGB Commercial REIT's financial performance, liquidity, position and operations;
 - (b) material commitments for capital expenditure; and
 - (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected IGB Commercial REIT's financial performance, position and operation.

14. ADDITIONAL INFORMATION (Cont'd)

- (vii) The Manager has in place a code of conduct and ethics and implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption and insider trading. The Manager 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 and unitholders.

14.2 MATERIAL CONTRACTS

The dates of, parties to, and general nature of every material contract which the Trustee (acting on behalf of IGB Commercial REIT) has entered into since its establishment up to the date of this Prospectus (not being contracts entered into in the ordinary course of the business of IGB Commercial REIT) are as follows:

- (i) the deed of trust dated 31 March 2021 constituting IGB Commercial REIT and registered with the SC on 31 March 2021 between the Manager and the Trustee (acting on behalf of IGB Commercial REIT), for the benefit of the Unitholders;
- (ii) the Menara IGB & IGB Annexe SPA dated 9 April 2021 between MVC as the registered land proprietor, MVC Developments as the previous developer, IGB Properties as the vendor and the Trustee (acting on behalf of IGB Commercial REIT) as the purchaser (as supplemented by a letter dated 5 May 2021 between the same parties) whereby the Trustee (acting on behalf of IGB Commercial REIT) agreed to purchase Menara IGB & IGB Annexe for a purchase consideration of RM188.9 million;
- (iii) the Centrepoint South SPA dated 9 April 2021 between MVC as the registered land proprietor, MVC Developments as the previous developer, MVC CP South as the vendor and the Trustee (acting on behalf of IGB Commercial REIT) as the purchaser (as supplemented by a letter dated 5 May 2021 between the same parties) whereby the Trustee (acting on behalf of IGB Commercial REIT) agreed to purchase Centrepoint South for a purchase consideration of RM190.5 million;
- (iv) the Centrepoint North SPA dated 9 April 2021 between MVC as the registered land proprietor, MVC Developments as the previous developer, MVC CP North as the vendor and the Trustee (acting on behalf of IGB Commercial REIT) as the purchaser (as supplemented by a letter dated 5 May 2021 between the same parties) whereby the Trustee (acting on behalf of IGB Commercial REIT) agreed to purchase Centrepoint North for a purchase consideration of RM196.5 million;
- (v) the Boulevard Properties SPA dated 9 April 2021 between MVC as the registered land proprietor, Idaman Spektra as the vendor and the Trustee (acting on behalf of IGB Commercial REIT) as the purchaser (as supplemented by a letter dated 5 May 2021 between the same parties) whereby the Trustee (acting on behalf of IGB Commercial REIT) agreed to purchase Boulevard Properties for a purchase consideration of RM78.0 million;
- (vi) the Gardens South Tower SPA dated 9 April 2021 between MVC South Tower as the vendor and the Trustee (acting on behalf of IGB Commercial REIT) as the purchaser whereby the Trustee (acting on behalf of IGB Commercial REIT) agreed to purchase Gardens South Tower for a purchase consideration of RM391.5 million;

14. ADDITIONAL INFORMATION (*Cont'd*)

- (vii) the Gardens North Tower SPA dated 9 April 2021 between MVC North Tower as the vendor and the Trustee (acting on behalf of IGB Commercial REIT) as the purchaser whereby the Trustee (acting on behalf of IGB Commercial REIT) agreed to purchase Gardens North Tower for a purchase consideration of RM382.1 million;
- (viii) the Southpoint Properties SPA dated 9 April 2021 between MVC Southpoint as the vendor and the Trustee (acting on behalf of IGB Commercial REIT) as the purchaser (as supplemented by a letter dated 5 May 2021 between the same parties) whereby the Trustee (acting on behalf of IGB Commercial REIT) agreed to purchase Southpoint Properties for a purchase consideration of RM573.5 million;
- (ix) the Menara Tan & Tan SPA dated 9 April 2021 between TT Realty as the vendor and the Trustee (acting on behalf of IGB Commercial REIT) as the purchaser whereby the Trustee (acting on behalf of IGB Commercial REIT) agreed to purchase Menara Tan & Tan for a purchase consideration of RM239.1 million;
- (x) the GTower SPA dated 9 April 2021 between GTower SB as the vendor and the Trustee (acting on behalf of IGB Commercial REIT) as the purchaser whereby the Trustee (acting on behalf of IGB Commercial REIT) agreed to purchase GTower for a purchase consideration of RM739.8 million;
- (xi) the Hampshire Place Office SPA dated 9 April 2021 between Hampshire Properties as the vendor and the Trustee (acting on behalf of IGB Commercial REIT) as the purchaser whereby the Trustee (acting on behalf of IGB Commercial REIT) agreed to purchase Hampshire Place Office for a purchase consideration of RM180.6 million;
- (xii) the Property Management Agreement dated 3 May 2021 between the Property Manager, the Manager and the Trustee (acting on behalf of IGB Commercial REIT) pursuant to which the Property Manager will provide certain property management services for the Subject Properties in consideration of property management fee as set out in Section 9.5 “Property Management Fee” of this Prospectus;
- (xiii) the Trademark Licence Agreements dated 3 May 2021 between the Manager, the Trustee and the Registered Trademark Owners whereby the Trademark Owners agreed to grant the Manager and the Trustee on behalf of IGB Commercial REIT, a non-exclusive and non-transferable licence to use the trademarks set out in Section 1.9 “Intellectual Property” of this Prospectus during the term of the agreements;
- (xiv) the trust deed dated 4 May 2021 between ICRC and Malaysian Trustees Berhad (as the Bond Trustee) and the programme agreement dated 4 May 2021 between ICRC and Hong Leong Investment Bank Berhad (as the Lead Arranger, Lead Manager and the Facility Agent) for the MTN Programme; and
- (xv) the facilities agreement dated 6 May 2021 between a financial institution and the Trustee (acting on behalf of IGB Commercial REIT), in respect of the Short Term Financing.

14. ADDITIONAL INFORMATION (*Cont'd*)

14.3 SALIENT TERMS OF THE SPAs

14.3.1 Overview of the SPAs

Pursuant to the SPAs, the Trustee will acquire the Subject Properties from the Vendors in the state and condition as at the date of the SPAs (fair wear and tear excepted) free from encumbrances but subject to, among others, the following:

- (i) in respect of the Subject Properties all conditions of title and all restrictions-in-interest whether express or implied:
 - (a) in the documents of title or strata title to the Subject Properties; or
 - (b) in the documents of title to the master land on which the Subject Properties have been constructed upon in the event no strata titles have been issued,

on the date of the SPAs;
- (ii) all the leases, tenancies, contracts and licences in respect of the Subject Properties together with all the rights, benefits and obligations thereunder;
- (iii) in respect of GTower only, the refurbishment works that will be carried out by GTower SB to GTower in accordance with the terms and provisions of the GTower SPA;
- (iv) in respect of Menara IGB & IGB Annexe only, the refurbishment works that will be carried out by IGB Properties to Menara IGB & IGB Annexe in accordance with the terms and provisions of the Menara IGB & IGB Annexe SPA; and
- (v) in respect of Southpoint Properties only, the finishing works that will be carried out by MVC Southpoint in accordance with the terms and provisions of the Southpoint Properties SPA.

The SPAs are interdependent and the Trustee is not obliged to complete the acquisition of any Subject Property unless the Acquisitions are completed concurrently under the respective SPAs. However, if for any reason any one (1) or more of the SPAs are rescinded or terminated for any reasons whatsoever, the parties to the unaffected SPAs may agree in writing to proceed with the completion of the unaffected SPAs.

14.3.2 Purchase consideration

The total purchase consideration for the Subject Properties amounting to RM3,160.5 million shall be satisfied by the Trustee in the following manner:

- (i) the issuance and allotment of the Consideration Units to be credited into designated CDS Accounts as may be notified by the Vendors, on or before the Completion Date; and
- (ii) the Cash Consideration, which shall, on the Completion Date of the SPAs, be paid firstly towards settlement of the redemption sum required to redeem GTower from GTower SB's existing financier and the balance (if any) shall be paid to the Vendors and/or such persons as may be notified by the Vendors, in their respective proportions.

14. ADDITIONAL INFORMATION (*Cont'd*)

See Section 2.3 “Acquisitions by IGB Commercial REIT” of this Prospectus for the breakdown of the total purchase consideration.

14.3.3 Conditions Precedent

The sale, purchase and transfer of the Subject Properties are conditional upon, among others:

- (i) in respect of Gardens North Tower and Gardens South Tower, the approval of the relevant State Authority pursuant to the restrictions-in-interest endorsed on the strata titles to Gardens North Tower and Gardens South Tower for the transfer of Gardens North Tower and Gardens South Tower in favour of the Trustee having been obtained by the relevant Vendors;
- (ii) in respect of Gardens North Tower and Gardens South Tower, the approval of the relevant State Authority pursuant to the restrictions-in-interest endorsed on the strata titles to Gardens North Tower and Gardens South Tower for the charge of Gardens North Tower and Gardens South Tower in favour of the Trustee’s financiers or the security agent/trustee of the facility (“**Chargee**”) having been obtained by the Trustee, if applicable;
- (iii) in respect of Gardens North Tower, Gardens South Tower, Menara Tan & Tan, GTower and Hampshire Place Office, the written confirmation of the EPU confirming that the approval of EPU is not required for the purchase of Gardens North Tower, Gardens South Tower, Menara Tan & Tan, GTower and Hampshire Place Office by the Trustee from the Vendors, if required;
- (iv) the approval of Bursa Securities for the Listing having been obtained by the Manager;
- (v) this Prospectus for the Offering having been issued;
- (vi) in respect of Boulevard Properties, Centrepoint North, Centrepoint South and Menara IGB & IGB Annexe, the approvals of MVC’s board of directors and shareholders on the transfer of the legal title to Boulevard Properties, Centrepoint North, Centrepoint South and Menara IGB & IGB Annexe to the Trustee upon the terms and conditions contained in the relevant SPAs having been obtained;
- (vii) in respect of Centrepoint North, Centrepoint South and Menara IGB & IGB Annexe, the approvals of MVC Development’s board of directors and shareholders on the entry into of the relevant SPAs upon the terms and conditions contained in the relevant SPAs having been obtained;
- (viii) in respect of the Subject Properties, the approval of IGB’s shareholders on the sale of the Subject Properties upon the terms and conditions contained in the relevant SPAs having been obtained, where applicable;
- (ix) the approvals of the Vendors’ board of directors and shareholders on the sale of the respective Subject Properties upon the terms and conditions contained in the respective SPAs having been obtained;
- (x) in respect of GTower and Southpoint Properties, the written consent of the respective Vendor’s existing financier to the sale of GTower and Southpoint Properties by the respective Vendors to the Trustee having been obtained;

14. ADDITIONAL INFORMATION (*Cont'd*)

- (xi) the receipt by the Vendors of the Trustee's financier's undertaking to pay to the Vendors and/or such other party as the Vendors may agree in writing with the financiers the sums stated in the SPAs on the Completion Date of the SPAs;
- (xii) in respect of GTower only, the receipt by GTower SB's existing financier of the Trustee's financier's undertaking to pay to GTower SB's existing financier the redemption sum on the Completion Date of the GTower SPA;
- (xiii) in respect of Menara Tan & Tan only, the approval in writing of Tenaga Nasional Berhad, being Menara Tan & Tan's existing lessee having been obtained by TT Realty; and
- (xiv) the receipt by the Trustee's solicitors of the written confirmation from the Manager addressed to the Trustee's solicitors that the Manager and the Vendors have satisfied the relevant conditions, variations or revisions imposed by the SC and Bursa Securities in respect of the Acquisitions which are capable of being satisfied up to the date of such written confirmation, and the Trustee and the Manager are satisfied with the results of the bookbuilding exercise under the Institutional Offering.

14.3.4 Strata Titles and State Authority's Consents to Transfer the MVC Phase 1 Properties and Southpoint Properties ("Affected Properties")

Pursuant to the SPAs of the MVC Phase 1 Properties and Southpoint Properties SPA ("**Affected Properties SPAs**"):

- (i) the Vendors of the Affected Properties have agreed and acknowledged that, with effect from the Completion Date of the Affected Properties SPAs, among others, the Trustee shall be the beneficial owner of the Affected Properties and the Vendors of the Affected Properties are deemed to have absolutely transferred and assigned to the Trustee and the Trustee shall become entitled to all the Vendors of the Affected Properties' rights, title, interest, benefits and claim in and to the Affected Properties;
- (ii) MVC and MVC Southpoint, being the registered proprietors of the master lands on which the Affected Properties are erected, (the "**Affected Properties Registered Proprietors**") have among others, undertaken and covenanted to:
 - (a) apply for the subdivision of title to the master land on which the Affected Properties are erected on and for the issuance of the strata titles to the Affected Properties; and
 - (b) upon issuance of the strata titles to the Affected Properties, deliver to the Trustee the original strata titles to the Affected Properties, valid and registrable but unstamped memoranda of transfer in respect of the Affected Properties executed by the Affected Properties Registered Proprietors in favour of the Trustee, written approvals of the relevant State Authority to transfer the Affected Properties to the Trustee and all such documents as may be required for presentation of the memoranda of transfer for registration at the relevant land registry;

14. ADDITIONAL INFORMATION (*Cont'd*)

- (iii) the Affected Properties Registered Proprietors will grant to the Trustee, on the Completion Date of the Affected Properties SPAs, irrevocable and unconditional powers of attorney to deal with the legal titles to the Affected Properties as fully and effectually as the Affected Properties Registered Proprietors could do as the legal owner of the Affected Properties from the Completion Date of the Affected Properties SPAs until the issuance, transfer and registration of the strata titles to the Affected Properties in the name of the Trustee; and
- (iv) the Affected Properties Registered Proprietors will execute on the Completion Date of the Affected Properties SPAs, a declaration of trust, declaring that it will, on and from the Completion Date of the Affected Properties SPAs until the issuance, transfer and registration of the strata titles to the Affected Properties in the name of the Trustee, hold the legal title to the Affected Properties on trust as bare trustee for and on behalf of the Trustee.

14.3.6 Completion

Subject to the fulfillment of the conditions precedent set out in Section 14.3.3 "Conditions Precedent" of this Prospectus, on the Completion Date of the SPAs (unless otherwise indicated), among others:

- (i) all the rights, title, interests, benefits or claims in and to the Subject Properties shall pass from the Vendors to the Trustee;
- (ii) all rights, title, benefits and interests in all the leases, tenancies, licences, insurance contracts and contracts for the provision of services in respect of the Subject Properties which are subsisting will be assigned by the Vendors to the Trustee on or after the Completion Date of the SPAs;
- (iii) all the insurance contracts in respect of the Subject Properties which are subsisting on the Completion Date of the SPAs shall be endorsed in favour of the Trustee on or before the expiry of one month from the Completion Date of the SPAs and the Trustee shall purchase all other insurance which the Trustee deems necessary;
- (iv) all the contracts for the provision of services in respect of the relevant Subject Properties as listed in the SPAs and which are subsisting on the Completion Date of the SPAs shall be assigned in favour of the Trustee or the Trustee shall enter into fresh contracts with the relevant service providers for such relevant Subject Properties in the event that such contracts cannot be assigned;
- (v) all outgoings in respect of the Subject Properties shall be apportioned and the Vendors shall bear and settle the outgoings due and payable up to the date immediately preceding the Completion Date of the SPAs and the Trustee shall bear and settle the outgoings due and payable on and from the Completion Date of the SPAs;
- (vi) all income in respect of the Subject Properties shall be apportioned and the Vendors shall be entitled to all income received by the Vendors and/or the Trustee for the period immediately preceding the Completion Date of the SPAs and the Trustee shall be entitled to all income received by the Trustee and/or the Vendors for the period on and from the Completion Date of the SPAs; and

14. ADDITIONAL INFORMATION (Cont'd)

- (vii) all security deposits, rental and other payments paid by the tenants to the Vendors, on and after the Completion Date of the SPAs, will be held on trust for the Trustee and the Vendors will pay the same to the Trustee in accordance with the terms of the SPAs.

14.3.7 Representations and warranties

The Vendors, the registered land proprietors and the developers of the Subject Properties have given specific representations and warranties relating to, among others, their capacities, the Subject Properties, the leases, tenancies, licences, insurance contracts and contracts for the provision of services and have agreed to indemnify the Trustee against all losses, damages, costs, expenses and outgoings for a breach of such representations and warranties.

14.4 CONSENTS

- (i) The written consents of the Trustee, the Principal Adviser, the Joint Bookrunners, the Unit Registrar, the legal advisers, the Property Manager, the company secretary of the Manager and the Internal Auditor to the inclusion in this Prospectus of their names in the manner and form in which such names appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Reporting Accountants to the inclusion in this Prospectus of their Report on the Compilation of Pro Forma Consolidated Statement of Financial Position as at the date of establishment of IGB Commercial REIT and the Report on Prospective Financial Information for the Forecast Period 2021 and their names in the manner, form and context in which they appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (iii) The written consent of the Tax Consultants to the inclusion in this Prospectus of their letter on taxation of IGB Commercial REIT and Unitholders and their names in the manner, form and context in which they appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (iv) The written consent of the Independent Property Valuer to the inclusion in this Prospectus of their Valuation Certificate and their names in the manner, form and context in which they appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (v) The written consent of the Independent Property Market Consultant to the inclusion in this Prospectus of their Independent Property Market Report and their names in the manner, form and context in which they appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

14.5 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Manager, for a period of 12 months from the date of this Prospectus:

- (i) this Prospectus;

14. ADDITIONAL INFORMATION (*Cont'd*)

- (ii) the material contracts (including the Deed) referred to in Section 14.2 “Material Contracts” of this Prospectus;
- (iii) the Valuation Certificates dated 14 September 2020 and 10 February 2021 as set out in Appendix A “Valuation Certificates” of this Prospectus as well as the full valuation reports dated 14 September 2020 for the Subject Properties;
- (iv) the Independent Property Market Report set out in Appendix B “Independent Property Market Report” of this Prospectus;
- (v) the Tax Consultant’s Letter on Taxation of IGB Commercial REIT and Unitholders as set out in Appendix C “Tax Consultant’s Letter on Taxation of IGB Commercial REIT and Unitholders” of this Prospectus;
- (vi) the Reporting Accountants’ Report on the Compilation of Pro Forma Consolidated Statement of Financial Position as at the date of establishment of IGB Commercial REIT as set out in Appendix D “Reporting Accountants’ Letter on the Pro Forma Consolidated Statement of Financial Position” of this Prospectus;
- (vii) the Reporting Accountants’ Report on Prospective Financial Information for the Forecast Period 2021 as set out in Appendix E “Reporting Accountants’ Letter on the Profit Forecast” of this Prospectus;
- (viii) the audited financial statements of the Manager for the past three (3) financial years up to 31 December 2020; and
- (ix) the letters of consent referred to in Section 14.4 “Consents” of this Prospectus.

14.6 RESPONSIBILITY STATEMENTS

- (i) This Prospectus has been reviewed and approved by the Directors, the Sponsor and the Selling Shareholders and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Prospectus false or misleading. The Directors and the Sponsor accept full responsibility for the profit forecast included in this Prospectus and confirm that the profit forecast have been prepared based on the assumptions made.
- (ii) The information pertaining to the Trustee and the Property Manager were provided by the management and/or directors of the Trustee and the Property Manager, respectively. The responsibility of the Directors, the Sponsor and the Selling Shareholders is therefore restricted to the accurate reproduction of such relevant information as included in this Prospectus.
- (iii) In respect of such information extracted from publicly available sources, the responsibility of the Directors, the Sponsor and the Selling Shareholders is restricted to the accurate reproduction of such relevant information as included in this Prospectus.

VALUATION CERTIFICATES



HENRY BUTCHER MALAYSIA
International Asset Consultants

Our Ref.: VR/02-20/0068 to VR/02-20/0075

IGB REIT Management Sdn. Bhd.
Level 32, The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.

Date: September 14, 2020

Dear Sirs/ Madam,

CERTIFICATE OF VALUATION OF TEN OFFICE BUILDINGS IDENTIFIED AS FOLLOW:-

- 1) MENARA IGB AND IGB ANNEXE, NO. 1, THE BOULEVARD, MID VALLEY CITY, LINGKARAN SYED PUTRA, 59200 KUALA LUMPUR.
- 2) CENTREPOINT NORTH AND CENTREPOINT SOUTH, MID VALLEY CITY, LINGKARAN SYED PUTRA, 59200 KUALA LUMPUR.
- 3) BLOCK NO. 25 & BLOCK NO. 27, BOULEVARD OFFICES, MID VALLEY CITY, LINGKARAN SYED PUTRA, 59200 KUALA LUMPUR.
- 4) GARDENS NORTH TOWER AND GARDENS SOUTH TOWER, MID VALLEY CITY, LINGKARAN SYED PUTRA, 59200 KUALA LUMPUR.
- 5) THE OFFICE AND RETAIL PORTIONS OF MENARA SOUTHPOINT, MID VALLEY CITY, MEDAN SYED PUTRA SELATAN, 59200 KUALA LUMPUR.
- 6) MENARA TAN & TAN, NO. 207, JALAN TUN RAZAK, 50400 KUALA LUMPUR.
- 7) GTOWER, NO. 199, JALAN TUN RAZAK, 50400 KUALA LUMPUR.
- 8) HAMPSHIRE PLACE OFFICE, 157 HAMPSHIRE, NO. 1 JALAN MAYANG SARI, 50450 KUALA LUMPUR.

(COLLECTIVELY KNOWN AS "THE SUBJECT PROPERTIES")

This certificate has been prepared for the purpose of submission to the Securities Commission Malaysia ("SC") in conjunction with the proposed establishment and listing of IGB Commercial Real Estate Investment Trust ("IGB Commercial REIT") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed REIT Establishment and Listing").

In accordance with the instruction from IGB REIT Management Sdn. Bhd. ("IGB REIT Management"), we have conducted a valuation to the Subject Properties vide our Valuation Reports bearing reference nos. VR/02-20/0068 to VR/02-20/0075, all dated September 14, 2020 for the purpose of Proposed REIT Establishment and Listing. The dates of inspection of each property is as specified in the respective sections of this Certificate, while material date of valuation as at March 31, 2020 is applicable to the Subject Properties.

HENRY BUTCHER MALAYSIA Sdn Bhd 1997010C1988 (160636-F)
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V0241, E0263, PM0241
V0242, E0265, I'M0242
V0724, E2008, PM0724

Valuation | Real Estate Agency | Investment Advisory | International Marketing | Market Research | Development Consultancy |
Project Marketing | Asset Management | Property Management | Retail Consultancy | Auctions | Plant & Machinery | Art Consultancy

VALUATION CERTIFICATES (Cont'd)

We confirm that we have valued the Subject Properties based on the valuation basis as stated herein. This report is prepared in accordance with SC's Asset Valuation Guidelines and in conformity with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

The basis of valuation adopted is the Market Value which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

We have used the "Income Approach" (Investment Method) and cross-checked with the "Comparison Approach" in formulating our opinion of the individual Market Value of the Subject Properties.

The Subject Properties are all rental income generating properties. Qualitative and quantitative adjustments are more difficult to compute in order to reflect the differences between the comparables and the property being valued as the selected comparables together with its adjustment factors may be subjective. Therefore, we have adopted Income Approach as the main approach and counter-checked with Comparison Approach in arriving at our opinion of the Market Value of the Subject Properties.

We wish to highlight that in view of coronavirus disease 2019 ("Covid-19") pandemic and subsequently the implementation of Movement Control Order ("MCO") by the government, we have considered this ongoing situation in our calculation to reflect a more accurate prospect of the Subject Properties in the short-term future to withstand the headwinds.

Due to this unprecedented ongoing event, we have decided to introduce an "Interruption Period" between the conventional "term and reversionary period" as a grace period from Covid-19 uncertainties. As this pandemic is an ongoing global issue, the repercussion and aftermath on Klang Valley office sector in particular is not known until official data is gathered and made available in the future. We have, therefore, allowed a 24-month Interruption Period before situation returns to normal.

During this Interruption Period, we allow a 15% "Interruption Allowance" to cater for the possible disturbance to rental income owing to possible loss of income due to rental rebate, reduced negotiation rental and higher vacancy rate etc. It should be noted that this interruption allowance is not a discount factor to any existing rental rates, which are maintained as per respective tenancies. Although IGB has managed to renew and attract new tenancies at the current or slightly higher rental rate, the impact of the ongoing pandemic on the property market cannot be disregarded and hence the interruption allowance is adopted to reflect the market condition. The allocation of 15% Interruption Allowance is derived based on our market knowledge and experience and considered as fair and relevant for the purpose of this valuation exercise.

This Interruption Period is essentially the first two years of the conventional reversionary period which will only affect vacant units and any tenancies that expire during this specific time frame. These vacated units will be in the rental market surrounded by more challenging and uncertain environment due to the ongoing global pandemic, hence the reason for the interruption allowance. Existing tenancies expire beyond this Interruption Period are unaffected.

We have also studied the sample of tenancy agreements as provided, and noted part of the salient terms and conditions of a standard tenancy agreement as listed below:

(i) Security deposit

Tenants are required to provide a security deposit of typically 3 months of monthly rental as security for due observance and performance by tenants of their tenancy agreements. Unless otherwise agreed

VALUATION CERTIFICATES (Cont'd)

by the landlord, all tenants are also required to provide utilities and fit-out deposits. Security deposits are held on an unsecured basis and do not bear interest on the tenant's behalf.

(ii) Term, renewal and termination of tenancy

The tenancy agreements entered into are generally for 2-year or 3-year terms. The landlord may grant the tenant an option to renew the tenancy agreement upon expiry of the term.

In the event the tenant terminates the tenancy agreements prior to the expiry dates, the landlord may re-enter the demised premises and forfeit the deposits paid by the tenant, and the tenant is required to pay to the landlord liquidated and ascertained damages equivalent to the remainder of the monthly rent for the whole of the unexpired period of the term in addition to other damages and arrears that may be applicable for the breaches under the tenancy agreement.

(iii) Landlord's obligations include:

- (a) To pay all quit rent, rates, taxes, assessments and other outgoing payable in respect of the Subject Properties.
- (b) To permit the tenant if it punctually pays the monthly rent and other charges and observes the terms, conditions and covenants on its part, peacefully enjoy the Subject Property during the tenancy period without any interruption or disturbance by the landlord or those lawfully claiming under or in trust for the landlord.
- (c) To provide services and facilities such as air-conditioning for the Subject Properties, lift service without undue delay as well as monitoring and surveillance services for the common areas as it deems fit for general presence of security.
- (d) To insure and keep insured the Subject Properties at all times during the tenancy period against loss or damage by fire and such other risks.
- (e) To comply with all relevant statutes and regulations for the time being in force and requirements of any relevant authority which are incumbent upon the landlord.

(iv) Tenant's obligations include:

- (a) The rental shall be payable monthly to the landlord, on or before the applicable due date(s).
- (b) To pay the deposit, charge, fee, fine and penalty (if any) for telephone, water, electricity and such other utilities.
- (c) To only use the premises for the tenant's business and conduct the business in good faith at all times, by the best standards and in a manner which shall not in the opinion of the landlord adversely affect the image of the Subject Properties.
- (d) To comply with and observe and ensure compliance with and observance of all laws, statutes, ordinances, proclamations, orders and/or regulations relating to the Subject Properties.
- (e) To keep and maintain the Subject Properties and all fixtures and fittings properly serviced and in good, tenantable, operating and working condition (fair wear and tear excepted).

VALUATION CERTIFICATES (Cont'd)

(v) Service charge

The service charge forms an integral part of, and shall be paid in the same manner as and simultaneously with the monthly rent, being the tenant's contribution towards the landlord's cost and expenses in maintaining and managing the common areas and other areas or matters related to the building as determined at the landlord's discretion. The landlord may impose a further amount for the service charge by notice in writing to the tenants. We were informed that service charge is imposed to all tenants and forms part of the gross rental chargeable in each tenancy.

Brief details of individual property together with brief summary of respective Income Approach and Comparison Approach are presented in each section below.

SUBJECT PROPERTY 1 – MENARA IGB AND IGB ANNEXE (Our Ref: VR/02-20/0068)

Property Type / Interest to be Valued : Subject Property 1, identified as Menara IGB and IGB Annexe, is an 18-storey office building with a 2-storey office building annexed thereto, both erected on top of a 5-storey retail podium (Mid Valley Megamall). It has a net lettable area ("NLA") of 261,993 square feet ("sq. ft.") (approximately 24,339.95 square meter ("sq. m.")).

It should be noted that this valuation exercise excludes car parks which belong to the retail mall.

Date of Inspection : January 16, 2020

Address of Subject Property 1 : Menara IGB and IGB Annexe, No. 1, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

Location : Subject Property 1 is located within an integrated development known as Mid Valley City, which is strategically positioned between Kuala Lumpur and Petaling Jaya. More precisely, it is approximately 6 kilometers west of Kuala Lumpur City Centre and 4 kilometers east of Petaling Jaya.

Mid Valley City is well connected via major arterial roads such as Jalan Syed Putra, Federal Highway, Jalan Maarof, East – West Link Highway and Sprint Highway. Subject Property 1 is located on top of the Mid Valley Megamall, near the South Court Entrance.

Age of Building : Approximately 20 years

Building Description : The retail podium is generally constructed of reinforced concrete framework resting on deep piled foundation with well-planned construction design and calculation that allow Subject Property 1 to be built on top. Subject Property 1 is also mainly constructed of reinforced concrete framework with aluminium framed curtain cladding/glazings with intermediate reinforced concrete floor slab, resting on top of the retail podium.

In terms of building finishes, the 18-storey office building finishes at main lift lobby are generally made of granite slab further enhanced with granite wall slab and timber wall panel, whilst other internal doors are generally of timber panel and timber fire rated type. The windows are generally of aluminium glass panels.

The annexed 2-storey building is accessible from a lift lobby located at

VALUATION CERTIFICATES (Cont'd)

the ground floor of the retail podium, with its main lobby at Level 7. The main lobby is fitted with quality ceramic floor and wall tile, while other internal finishes are about similar to the main building.

Existing Use of
Subject Property 1

Office building.

Town Planning

: Zoned commercial

Certificate of Fitness

: Subject Property 1 was issued with final Certificate of Fitness for Occupation ("CFO") by Dewan Bandaraya Kuala Lumpur ("DBKL") on May 29, 2013.

We noted that the above CFO mentioned the Subject Property as a one block of 17-storey office building (Menara IGB) above a five storey shopping podium and one block of 2-storey annexed block on the podium. Our finding based on our site inspection and further reference with the management of IGB Berhad ("IGB"), however, revealed that Menara IGB is an 18-storey building (counting from Level 7 (podium roof top) to the highest floor before the building lower roof level). Moreover, the correspondent approved building plan's reference number stated on the CFO is consistent with the reference number of the approved building plan, which in turn correspond with the actual physical building. We have therefore, described Menara IGB as an 18-storey building for the purpose of this valuation exercise.

Historical Outgoings

Year	2017	2018	2019
Average Outgoing (RM per sq. ft. per month)	1.63	1.54	1.73*

*Sharp increase due to introduction of new management fee. The reanalysed rate is RM1.62 per sq. ft. per month.

We have adopted RM1.60 per sq. ft. per month.

Occupancy Rate

Year	2017	2018	2019
Average Occupancy Rate	88.73%	73.15%	73.90%

Terms of Tenancy

: As at the date of valuation, Subject Property 1 was 69.90% occupied by various tenants with gross rental rates varying between RM4.46 to RM6.80 per sq. ft. per month. As for the sole retail lot at the lobby (licensed area), the gross rental is RM15.38 per sq. ft. per month. Tenancies unexpired term ranging from 0.04 years to 3.17 years with average current rental rate of RM4.85 per sq. ft. per month.

As disclosed by IGB, there is one existing related party tenancy with NLA of 1,420 sq. ft. which we opine the rental rate is within reasonable market range.

NLA

: 261,993 sq. ft. (approximately 24,339.95 sq. m.).

Master Titles Particulars as extracted from an official search made at the Registry of Land Titles, Wilayah Persekutuan Kuala Lumpur on February 3, 2020 and May 28, 2020.

Master Title Nos.	Pajakan Negeri 37075	Pajakan Negeri 52479
Lot Nos.	80	20004

VALUATION CERTIFICATES (Cont'd)

Term	Leasehold for 99 years expiring on June 6, 2103 thus leaving an unexpired term of approximately 83 years.	Leasehold for 99 years expiring on June 6, 2103 thus leaving an unexpired term of approximately 83 years.
Section	95A	
Town	Bandar Kuala Lumpur	
District	Kuala Lumpur	
State	Wilayah Persekutuan Kuala Lumpur	
Category of Land Use	Bangunan (<i>Building</i>)	
Surveyed Land Area	97,319 sq. m. (about 24.048 acres)	1,231 sq. m. (about 0.304 acres)
Registered Owner	Mid Valley City Sdn. Bhd.	
Express Condition	Tanah ini hendaklah hanya untuk bangunan perdagangan sahaja. (<i>This land shall be used only for commercial building only.</i>)	Tanah ini hendaklah digunakan hanya untuk tujuan tapak perdagangan sahaja. (<i>This land shall be used for commercial purpose only.</i>)
Restriction in Interest	Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadaikan melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur. (<i>This alienated land shall not be transferred, leased, mortgaged or charged unless with the consent of the Federal Territory Land Executive Committee of Kuala Lumpur.</i>)	
Encumbrances	1) Trust Cagcat lodged twice by MTrustee Berhad (formerly known as AmTrustee Berhad) vide Presn. No. PDB15448/2012 and PDB16050/2012 dated September 14, 2012 and September 26, 2012, respectively. 2) Easement granted twice vide Presn. Nos. PDSC3897/2014 dated February 24, 2014 for a period of 90 years and PDSC8234/2015 dated March 20, 2015 for a period of 89 years.	Nil
Endorsement	Surrender and re-alienation vide Presn. No. PDN2903/2018 dated October 2, 2018. (No. Rujukan Fail : PTGKL/6/PSBB/2018/72)	

Note: No separate strata titles have been issued in relation to the Subject Property as at the date of valuation. We were informed by IGB that application for the strata titles are expected to be submitted in early 2022.

VALUATION METHODOLOGY

We have used the "Income Approach" and cross-checked with the "Comparison Approach" in formulating our opinion of the individual Market Value of Subject Property 1.

VALUATION CERTIFICATES (Cont'd)

Income Approach (Investment Method)

Under this method, the capital value of Subject Property 1 is derived from an estimate of the Market Rental which it can reasonably be let for. Rental evidence may be obtained from actual passing rents command by the building itself, if it is tenanted. Outgoings, such as assessment & quit rent, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalised at an appropriate capitalisation rate to arrive at its indicative capital value.

We have adopted the following rates in the computation: -

a) Office Space

Description	Adapted Rate	Remarks
Gross Rental for Term Period (Monthly per sq. ft.)	Office space: RM4.46 to RM6.80; Sole retail lot - RM15.38	We have adopted the current passing rent in the existing tenancies.
Gross Rental for Reversionary Period - Interruption Period (Monthly per sq. ft.)	Office space: RM4.46 to RM6.80; Sole retail lot: RM15.38	We have adopted rental rates similar to Reversionary Period together with a 15% discount from gross annual rental as Interruption Allowance. This allowance will only affect vacant units and any tenancies that expire within the Interruption Period.
Gross Rental for Reversion (Monthly per sq. ft.)	Office space: RM4.46 to RM6.80; Sole retail lot: RM15.38	We have adopted existing gross rental as reversionary gross rental for occupied units and RM6.00 per sq. ft. for unoccupied/vacant units, which are supported by the asking rental range of Subject Property 1 and similar office buildings within the vicinity.
Operating Expenses / Outgoings Per Month	RM1.60 per sq. ft.	<p>Operating expenses are costs incurred in maintaining the Subject Property 1 comprising staff costs, operational costs, general expenses, assessment, quit rent, insurance and maintenance cost and other miscellaneous expenses relate to the building operating costs.</p> <p>The actual monthly historical operating costs in 2017, 2018 and 2019 were RM1.63 per sq. ft., RM1.54 per sq. ft. and RM1.73 per sq. ft. respectively.</p> <p>The operating costs in 2019 has increased drastically due to the introduction of new management fees and at the same time partial support cost (i.e. property management team) has been removed. We opined that historical costs before 2019 are more reflecting the actual operating costs. Hence, we have reanalysed the operating cost of 2019 (by excluding the new management fee and reintroduce partial support cost) and concluded at RM1.62 per sq. ft.</p> <p>Therefore, we have adopted RM1.60 per sq. ft., which is in line with market average.</p>

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
Void	10%	<p>Void factor is an allowance for vacancy and marketing period. The potential long-term average occupancy has been considered as it will also affect the potential income generating capacity of Subject Property 1.</p> <p>The average occupancy rate for the past three years is about 78.59%, and we opined that current occupancy rate does not reflect the potential long-term performance of Subject Property 1 as compare to other office buildings within Mid Valley City, which enjoy relatively healthy occupancy rate. Given its attractiveness of being located within an integrated development, i.e. Mid Valley City, with good road network and a strong list of reputable tenants, coupled with historical occupancy rate record as well as ongoing upgrading works to Subject Property 1, hence we have adopted a long-term occupancy rate of 90% and allow 10% as void factor to Subject Property 1.</p> <p>Note that Void Factor for Interruption Period is calculated from annual rental after Interruption Allowance.</p>
Term Capitalisation Rate	5.75%	Based on our findings, the net yield of office building in Kuala Lumpur City ranges from 5.44% to 5.87%. It is noted that Menara Shell, DiJaya Plaza and Wisma Amanahraya were transacted at a net yield of 5.87%, 5.61% and 5.44% respectively.
Interruption and Reversionary Capitalisation Rate	6.00%	Hence, we opine that a term capitalisation rate of 5.75% is fair and reasonable. For interruption and reversionary period, we have allowed a higher capitalisation rate of 6.00% as compared to the term capitalisation rate of 5.75% to reflect risks of future uncertainty.

b) Other Income

From the past financial data provided by IGB, we noted there are other income earned by Subject Property 1 from rent and rent related income, maintenance service charge and other miscellaneous income.

The past 3 years average annual income of Subject Property 1 was RM210,827. No operating expense was considered as it has been reflected in the office outgoing computation. Therefore, we have capitalised the 3 years average annual income at 6.00%, which is in line with the office capitalisation rate, and arrived at RM3,486,192 as the capital value of Other Income.

Cross-Checked Method – Comparison Approach

This method is comparing Subject Property 1 with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In the selection of and making comparison to the comparable properties, due consideration is given to value-based

VALUATION CERTIFICATES (Cont'd)

factors and other relevant factors to arrive at our opinion of value. Details of selected comparables are as below:

Comparables	1	2	3
Property	Nexgram Tower	Menara Shell	Tower 2, NU Sentral
Building Description	An 11-storey Stratified office building with a lower ground floor. Transacted without car park.	A 33-storey stratified office building erected on a 5-storey podium & 4 levels of basement car park. Transacted with 915 car parking bays.	A 36-storey office building. Transacted without car park.
Source	JPPH/Bursa Announcement & Circular	Bursa Securities Announcement	JPPH
Tenure	Leasehold expiring on August 16, 2106	Freehold	Freehold
Building Age as at the Date of Transaction	Approximately 10 years	Approximately 2 years	Approximately 3 years
NLA	63,970 sq. ft.	557,053 sq. ft.	503,808 sq. ft.
Vendor	Coconut Three Sdn. Bhd.	348 Sentral Sdn. Bhd.	Uptown Skyline Sdn. Bhd.
Purchaser	IMS Development Sdn. Bhd.	Maybank Trustee Bhd (A trustee of MRCB-QUILL REIT)	Pertubuhan Keselamatan Social
Consideration	RM67,000,000	RM640,000,000	RM574,713,650
Transaction Date	December 31, 2018	June 30, 2016	December 18, 2015
Analysed Rate (with Car Park)	RM1,047.37 per sq. ft.	RM1,148.90 per sq. ft.	RM1,140.74 per sq. ft.
Adjustment Made	Time, Location, Tenure, Carpark Ownership, NLA, Building Condition and Car Park		
Final Adjusted Value (without Car Park)	RM942.63 per sq. ft.	RM832.68 per sq. ft.	RM941.11 per sq. ft.

After final adjustment, we have arrived at a range of value between **RM833 per sq. ft.** to **RM943 per sq. ft.** Having taken all relevant factors into consideration, we placed a greater emphasis on **Comparable 2 – Menara Shell** due to the similarity of location factor as well as the large lettable area offered. Therefore, it is in our opinion that **RM833 per sq. ft.** reflects the fair and reasonable market value for Subject Property 1 without car park.

RECONCILIATION OF VALUE

The market value summary of Subject Property 1 from both approaches of valuation and its reconciliation are as follows: -

Income Approach (Investment Method)	RM185,500,000
Comparison Approach	RM218,200,000

Adopt: RM185,500,000

VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTIES 2 - CENTREPOINT NORTH & CENTREPOINT SOUTH (Our Ref: VR/02-20/0069)

Property Type / Interest to be Valued : Subject Properties 2, identified as Centrepoint North and Centrepoint South are two individual 19-storey office buildings with an annexed link bridge erected on top of a 5-storey retail podium known as Mid Valley Megamall. This link bridge is considered as part of Centrepoint South and therefore we have adopted this consistently in the NLA and Market Value computation.

Centrepoint North has an NLA of 232,051 sq. ft. (approximately 21,558.24 sq. m.) while Centrepoint South NLA is 231,979 sq. ft. (approximately 21,551.55 sq. m.) inclusive of the link bridge area.

It should be noted that this valuation exercise excludes car parks which belong to the retail mall.

Date of Inspection : January 16, 2020

Address of Subject Properties 2 : Centrepoint North and Centrepoint South, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

Location : Similar to Subject Property 1, Subject Properties 2 are also located within Mid Valley City, on top of Mid Valley Megamall, near West Entrance.

Age of Building : Approximately 12 years

Building Description : Similar to Subject Property 1, Subject Properties 2 are also erected on top of a retail podium and is constructed of reinforced concrete framework with aluminium framed curtain cladding/glazings with intermediate reinforced concrete floor slab.

In terms of building finishes, each of the individual 19-storey office building finishes at main lift lobby are generally made of marble slab further enhanced with granite wall slab and timber wall panel, whilst other internal doors are generally of timber panel and timber fire rated type. The windows are generally of aluminium glass panels.

The link bridge connects both Centrepoint North and Centrepoint South with restricted access and is constructed from reinforced concrete framework with steel roof trusses supporting aluminium roof cladding. The front portion of the link bridge serves as a single floor office area while the rear houses the M&E area. This link bridge structure is considered as part of Centrepoint South as it was part of the approved building plan and was constructed simultaneously as Subject Properties 2.

Existing Use of Subject Properties 2 : Office building.

Town Planning : Zoned commercial

Certificate of Fitness : Subject Properties 2 were issued with final CFO by DBKL on July 12, 2013.

VALUATION CERTIFICATES (Cont'd)

Historical Outgoings

Year	2017	2018	2019*
Centrepoint North Average Outgoing (RM per sq. ft. per month)	1.65	1.74	1.92*
Centrepoint South Average Outgoing (RM per sq. ft. per month)	1.66	1.79	1.99*

*Sharp increase due to introduction of new management fee. The reanalysed rates are RM1.65 per sq. ft. & RM1.78 per sq. ft. for Centrepoint North and Centrepoint South, respectively.

We have adopted RM1.70 per sq. ft. per month and RM1.75 per sq. ft. for Centrepoint North and Centrepoint South respectively.

Occupancy Rate

Year	2017	2018	2019
Centrepoint North Average Occupancy Rate	87.45%	93.93%	92.77%
Centrepoint South Average Occupancy Rate	97.60%	97.20%	97.64%

Terms of Tenancy

As at the date of valuation, Centrepoint North was 88.76% occupied by various tenants with gross rental rates varying between RM4.00 to RM6.80 per sq. ft. per month, while Centrepoint South was 90.20% occupied with gross rental rates range from RM4.75 to RM7.00 per sq. ft. per month. The average current rental rates for Centrepoint North and Centrepoint South are RM5.97 per sq. ft. per month and RM5.99 per sq. ft. per month, respectively.

As for the sole retail lot at the lobby at each building, the gross rental is RM12.00 and RM18.00 per sq. ft. per month to Centrepoint North and Centrepoint South, respectively. Tenancies unexpired term ranging from 0.13 years to 3.50 years to Centrepoint North and 0.21 years to 3.00 years to Centrepoint South.

As disclosed by IGB, there is one existing related party tenancy occupying a utility room which we opine the rental rate is within reasonable market range.

NLA

Centrepoint North - 232,051 sq. ft. (approximately 21,558.24 sq. m.).
Centrepoint South - 231,979 sq. ft. (approximately 21,551.55 sq. m.)
inclusive of the link bridge floor area.

Title Particulars

Under the same master title as abovementioned for Subject Property 1.

VALUATION METHODOLOGY

We have used the "Income Approach" and cross-checked with the "Comparison Approach" in formulating our opinion of the individual Market Value of Subject Properties 2.

Income Approach (Investment Method)

Under this method, the capital value of Subject Property 2 is derived from an estimate of the Market Rental which it can reasonably be let for. Rental evidence may be obtained from actual passing rents command by the building itself, if it is tenanted. Outgoings, such as assessment & quit rent, repairs

VALUATION CERTIFICATES (Cont'd)

and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalised at an appropriate capitalisation rate to arrive at its indicative capital value.

We have adopted the following rates in the computation: -

a) Office Space

Description	Adopted Rate	Remarks
Gross Rental for Term Period (Monthly per sq. ft.)	<p>Centrepoint North Office space: RM4.00 to RM6.80; Sole retail lot: RM12.00</p> <p>Centrepoint South Office space: RM4.75 to RM7.00; Sole retail lot: RM18.00</p>	We have adopted the current passing rent in the existing tenancies.
Gross Rental for Reversionary Period - Interruption Period (Monthly per sq. ft.)	<p>Centrepoint North Office space: RM4.00 to RM6.80; Sole retail lot: RM12.00</p> <p>Centrepoint South Office space: RM4.75 to RM7.00; Sole retail lot: RM18.00</p>	We have adopted rental rates similar to Reversionary Period together with a 15% discount from gross annual rental as Interruption Allowance. This allowance will only affect vacant units and any tenancies that expire within the Interruption Period.
Gross Rental for Reversionary Period (Monthly per sq. ft.)	<p>Centrepoint North Office space: RM4.00 to RM6.80; Sole retail lot: RM12.00</p> <p>Centrepoint South Office space: RM4.75 to RM7.00; Sole retail lot: RM18.00</p>	We have adopted existing gross rental as reversionary gross rental for occupied units and RM6.50 per sq. ft. for unoccupied/vacant units, which are supported by the asking rental of the Subject Properties 2 and similar office buildings within the vicinity.

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
Operating Expenses/Outgoings Per Month	<u>Centrepoint North</u> RM1.70 per sq. ft. <u>Centrepoint South</u> RM1.75 per sq. ft.	<p>Operating expenses are the costs incurred in maintaining Subject Properties 2 comprising staff costs, operational costs, general expenses, assessment, quit rent, insurance and maintenance cost and other miscellaneous expenses relate to the building operating costs.</p> <p>The actual historical monthly operating costs of Centrepoint North in 2017, 2018 and 2019 were RM1.65 per sq. ft., RM1.74 per sq. ft. and RM1.92 per sq. ft. respectively whilst Centrepoint South were RM1.66 per sq. ft., RM1.79 per sq. ft. and RM1.99 per sq. ft. respectively.</p> <p>Similar to Subject Property 1, the operating costs in 2019 for Subject Properties 2 have also increased drastically due to the same reason hence we have reanalysed the operating cost of 2019 (by excluding the new management fee and reintroduce partial support cost) for Centrepoint North and Centrepoint South, concluded at RM1.65 per sq. ft. and RM1.78 per sq. ft. respectively.</p> <p>Therefore, we have adopted RM1.70 per sq. ft. and RM1.75 per sq. ft. for Centrepoint North and Centrepoint South respectively, which is in line with the market average.</p>
Void	5%	<p>Void factor is an allowance for vacancy and marketing period. The potential long-term average occupancy has been considered as it will also affect the potential income generating capacity of Subject Properties 2.</p> <p>The average occupancy rate of Subject Properties 2 for the past three years is above 90%. The fact that the Subject Properties are located within a matured integrated development, i.e. Mid Valley City, with good road network and a strong list of reputable tenants, coupled with historical occupancy rate record, therefore we opined it is fair to adopt a long-term rate of 95% and hence adopted 5% as void factor for Subject Properties 2.</p> <p>Note that Void Factor for Interruption Period is calculated from annual rental after Interruption Allowance.</p>
Term Capitalisation Rate	5.75%	Based on our findings, the net yield of office building in Kuala Lumpur City ranges from 5.44% to 5.87%. It is noted that Menara Shell, DiJaya Plaza and Wisma Amanahraya were transacted at a net yield of 5.87%, 5.61% and 5.44% respectively.

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
Interruption and Reversionary Capitalisation Rate	6.00%	Hence, we opine that a term capitalisation rate of 5.75% is fair and reasonable. For interruption and reversionary period, we have allowed a higher capitalisation rate of 6.00% as compared to the term capitalisation rate of 5.75% to reflect risks of future uncertainty.

b) Other Income

From the past financial data provided by IGB, we noted there are other income earned by Subject Properties 2 from rent and rent related income, maintenance service charge and other miscellaneous income.

The past 3 years average annual income of Subject Properties 2 were RM360,399 per annum for Centrepoint North and RM200,788 for Centrepoint South. No operating expense was considered as it has been reflected in the office outgoing computation. Therefore, we have capitalised the 3 years average annual income at 6.00%, which is in line with the office capitalisation rate, and arrived at RM5,959,492 and RM3,320,173 respectively as the capital value of Other Income for Centrepoint North and Centrepoint South.

Cross-Checked Method – Comparison Approach

This method is comparing Subject Properties 2 with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In the selection of and making comparison to the comparable properties, due consideration is given to value-based factors and other relevant factors to arrive at our opinion of value.

Details of selected comparables are as below: -

Comparables	1	2	3
Property	Nexgram Tower	Menara Shell	Tower 2, NU Sentral
Building Description	An 11-storey Stratified office building with a lower ground floor. Transacted without car park.	A 33-storey stratified office building erected on a 5-storey podium & 4 levels of basement car park. Transacted with 915 car parking bays.	A 36-storey office building. Transacted without car park.
Source	JPPH/Bursa Announcement & Circular	Bursa Securities Announcement	JPPH
Tenure	Leaschold expiring on August 16, 2106	Freehold	Freehold
Building Age as at the Date of Transaction	Approximately 10 years	Approximately 2 years	Approximately 3 years
Net Lettable Area	63,970 sq. ft.	557,053 sq. ft.	503,808 sq. ft.
Vendor	Coconut Three Sdn. Bhd.	348 Sentral Sdn. Bhd.	Uptown Skyline Sdn. Bhd.
Purchaser	IMS Development Sdn. Bhd.	Maybank Trustee Bhd (A trustee of MRCB-QUILL REIT)	Perubuhan Keselamatan Social
Consideration	RM67,000,000	RM640,000,000	RM574,713,650

VALUATION CERTIFICATES (Cont'd)

Comparables	1	2	3
Transaction Date	December 31, 2018	June 30, 2016	December 18, 2015
Analysed Rate (with Car Park)	RM1,047.37 per sq. ft.	RM1,148.90 per sq. ft.	RM1,140.74 per sq. ft.
Adjustment Made	Time, Location, Tenure, Carpark Ownership, NLA, Building Condition and Car Park		
Final Adjusted Value (without Car Park)*	RM1,047.37 per sq. ft.	RM947.53 per sq. ft.	RM1,066.59 per sq. ft.

Note: Both Centrepoint North and Centrepoint South have similar adjustment factors and conclusion.

After final adjustment, we have arrived at a range of value between **RM948 per sq. ft.** to **RM1,067 per sq. ft.** Having taken all relevant factors into consideration, we placed a greater emphasis on **Comparable 2 – Menara Shell** due to the similarity of location factor as well as the large lettable area offered. Therefore, it is in our opinion that **RM948 per sq. ft.** reflects the fair and reasonable market value for Subject Properties 2 without car park.

RECONCILIATION OF VALUE

The value summary of Subject Properties 2 from both approaches of valuation and its reconciliation are as follows: -

Centrepoint North: -

Income Approach (Investment Method) RM190,300,000
Comparison Approach RM219,900,000

Adopt: RM190,300,000

Centrepoint South: -

Income Approach (Investment Method) RM186,900,000
Comparison Approach RM219,800,000

Adopt: RM186,900,000

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VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTIES 3 – BLOCK NO. 25 & BLOCK NO. 27, BOULEVARD OFFICE
 (Our Ref: VR/02-20/0075)

Property Type / Interest to be Valued : Subject Properties 3 are two adjoining 11-storey (inclusive of a mezzanine floor) commercial buildings consisting 22 stratified office units with only one office unit per floor available on each building. It is located next to the main pedestrian traffic between Mid Valley Megamall and The Gardens Mall. Block No. 25 is a standard intermediate unit with NLA of 21,448 sq. ft. (approximately 1,992.58 sq. m.) whilst Block No. 27 is a corner unit with larger NLA of 32,732 sq. ft. (approximately 3,040.90 sq. m.).

It should be noted that this valuation exercise excludes car parks which belong to the retail mall.

Date of Inspection : February 11, 2020

Address of Subject Properties 3 : Block No. 25 and Block No. 27, Boulevard Offices, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

Location : Similar to Subject Property 1 and 2, Subject Properties 3 are also located within Mid Valley City, opposite Subject Properties 2.

Age of Building : Approximately 19 years

Building Description : Subject Properties 3 are generally constructed of reinforced concrete framework resting on deep piled foundation with brick infill rendered externally and plastered internally, with intermediate reinforced concrete floor and concrete flat roof.

Subject Properties 3 share a common main entrance (lift lobby) which houses two lifts and a reinforced concrete staircase for vertical access. General finishes at the main lobby and other floors lift lobbies are of quality ceramic tiles and paint finishes.

Existing Use of Subject Properties 3 : Ground floor unit could be utilised for retail or office purposes whilst upper floor units are mainly used for office purpose.

Town Planning : Zoned commercial

Certificate of Fitness : Subject Properties 3 were issued with final CFO by DBKL on December 8, 2001.

Year	2017	2018	2019
Average Outgoing (RM per sq. ft. per month)	1.13	1.06	1.43*

**Sharp increase due to introduction of new management fee. The reanalysed rate is RM1.07 per sq. ft. per month.*

We have adopted RM1.10 per sq. ft. per month for Subject Properties 3.

Year	2017	2018	2019
Average Occupancy Rate	96.75%	93.50%	92.62%

VALUATION CERTIFICATES (Cont'd)

Terms of Tenancy : As at the date of valuation, Block No. 25 gross rental rates varying between RM3.61 to RM5.30 per sq. ft. per month while Block No. 27 gross rental rates range from RM4.00 to RM5.40 per sq. ft. per month. As for the ground floor unit at each block, the gross rental is RM27.10 and RM22.00 per sq. ft. per month to Block No. 25 and Block No. 27, respectively. The average current rental rate to Block No. 25 is RM7.76 per sq. ft. per month whereas Block No. 27 is RM6.65 per sq. ft. per month.

The combined average occupancy rate of Subject Properties 3 as at the date of valuation is 92.74% with unexpired tenancies ranging from 0.42 years to 3.00 years.

As disclosed by IGB, there is no related-party tenancy at the Subject Properties 3.

NLA : Block No. 25 - 21,448 sq. ft. (approximately 1,992.58 sq. m.).
Block No. 27 - 32,732 sq. ft. (approximately 3,040.90 sq. m.).

Title Particulars : Under the same master title as abovementioned for Subject Property 1 and 2.

VALUATION METHODOLOGY

We have used the "Income Approach" and cross-checked with the "Comparison Approach" in formulating our opinion of the individual Market Value of Subject Properties 3.

Income Approach (Investment Method)

Under this method, the capital value of Subject Properties 3 is derived from an estimate of the Market Rental which it can reasonably be let for. Rental evidence may be obtained from actual passing rents command by the building itself, if it is tenanted. Outgoings, such as assessment & quit rent, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalised at an appropriate capitalisation rate to arrive at its indicative capital value. We have adopted the following rates in the computation: -

Description	Adopted Rate	Remarks
Gross Rental for Term Period (Monthly per sq. ft.)	<p>Block No. 25 Upper Floors: RM3.61 to RM5.30; Ground Floor: RM27.10; Mezzanine Floor: RM12.30</p> <p>Block No. 27 Upper Floors: RM4.00 to RM5.40; Ground Floor: RM22.00; Mezzanine Floor: RM10.00</p>	We have adopted the current passing rent in the existing tenancies.

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
Gross Rental for Reversionary Period - Interruption Period (Monthly per sq. ft.)	<p>Block No. 25 Upper Floors: RM3.61 to RM5.30; Ground Floor: RM27.10; Mezzanine Floor: RM12.30</p> <p>Block No. 27 Upper Floors: RM4.00 to RM5.40 per sq. ft.; Ground Floor: RM22.00 per sq. ft.; Mezzanine Floor: RM10.00 per sq. ft.</p>	We have adopted rental rates similar to Reversionary Period together with a 15% discount from gross annual rental as Interruption Allowance. This allowance will only affect vacant units and any tenancies that expire within the Interruption Period.
Gross Rental for Reversionary Period (Monthly per sq. ft.)	<p>Block No. 25 Upper Floors: RM3.61 to RM5.30; Ground Floor: RM27.10; Mezzanine Floor: RM12.30</p> <p>Block No. 27 Upper Floors: RM4.00 to RM5.40 per sq. ft.; Ground Floor: RM22.00 per sq. ft.; Mezzanine Floor: RM10.00 per sq. ft.</p>	We have adopted existing gross rental as reversionary gross rental for occupied units and RM4.50 per sq. ft. for unoccupied/vacant units, which are supported by the asking rental of the Subject Properties 3 and similar office buildings within the vicinity.
Operating Expenses / Outgoings Per Month	RM1.10 per sq. ft.	<p>Operating expenses are the costs incurred in maintaining the Subject Properties 3 comprising staff costs, operational costs, general expenses, assessment, quit rent, insurance and maintenance cost and other miscellaneous expenses relate to the building operating costs.</p> <p>The actual historical monthly operating costs in 2017, 2018 and 2019 were RM1.13 per sq. ft., RM1.06 per sq. ft. and RM1.43 per sq. ft. respectively.</p> <p>Similar to Subject Property 1 and 2, the operating costs in 2019 for Subject Properties 3 have also increased drastically due to the same reason hence we have reanalysed the operating cost of 2019 (by excluding the new management fee and reintroduce partial support cost) for Subject Properties 3 and concluded at RM1.07 per sq. ft.</p> <p>Therefore, we have adopted RM1.10 per sq. ft.</p>

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
Void	5%	<p>Void factor is an allowance for vacancy and marketing period. The potential long-term average occupancy has been considered as it will also affect the potential income generating capacity of Subject Properties 3.</p> <p>The combined average occupancy rate of Subject Properties 3 as at the date of valuation is 92.74%. Given the attractiveness of being located within a matured integrated development, i.e. Mid Valley City, with good road network and a strong list of reputable tenants, coupled with historical occupancy rate record as well as its excellent location within the scheme (i.e. next to main pedestrian traffic between Mid Valley Megamall and The Gardens Mall), we have adopted a long-term occupancy rate of 95% and hence 5% as void factor for Subject Properties 3.</p> <p>Note that Void Factor for Interruption Period is calculated from annual rental after Interruption Allowance.</p>
Term Capitalisation Rate	4.00%	Based on our findings, the net yield stratified office unit in Boulevard Signature Office is 4.08% while analysis of Nexgram Tower at the Horizon, Bangsar South yield at 4.36%.
Interruption and Reversionary Capitalisation Rate	4.25%	Hence, we opine that a term capitalisation rate of 4.00% is fair and reasonable. For interruption and reversionary period, we have allowed a higher capitalisation rate of 4.25% as compared to the term capitalisation rate of 4.25% to reflect risks of future uncertainty.

Cross-Checked Method – Comparison Approach

This method is comparing Subject Properties 3 with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In the selection of and making comparison to the comparable properties, due consideration is given to value-based factors and other relevant factors to arrive at our opinion of value.

Details of selected comparables are as below: -

Comparables	1	2	3
Property	Nexgram Tower	Ikhlas Point, The Horizon	No. 43, Boulevard Signature Office
Building Description	An 11-storey Stratified office building with a lower ground floor. Transacted without car park.	A 12-storey Stratified office building with a lower ground floor. Transacted without car park.	A 11-storey en-bloc corner retail/office building. Transacted without car park.
Source	JPPH/Bursa Announcement &	JPHH and Bursa Announcement	JPPH

VALUATION CERTIFICATES (Cont'd)

Comparables	1	2	3
	Circular		
Tenure	Leasehold expiring on August 16, 2106	Leasehold expiring on August 16, 2106	Leasehold expiring on June 6, 2103
Building Age as at the Date of Transaction	Approximately 10 years	Approximately 10 years	Approximately 17 years
NLA	63,970 sq. ft.	42,694 sq. ft.	32,821 sq. ft.
Vendor	Coconut Three Sdn. Bhd.	Takaful Ikhlas Family Bhd.	Gagasan Makmur Sdn. Bhd.
Purchaser	IMS Development Sdn. Bhd.	Sanichi Capital Sdn. Bhd.	Hello Property Sdn. Bhd.
Consideration	RM67,000,000	RM46,000,000	RM40,000,000
Transaction Date	December 31, 2018	December 25, 2018	October 31, 2017
Analysed Rate	RM1,047.37 per sq. ft.	RM1,070.66 per sq. ft.	RM1,218.73 per sq. ft.
Adjustment Made	Time, Location, Title Status, NLA, Building Position, Building Condition		
Final Adjusted Value*	RM1,047.37 per sq. ft.	RM1,017.13 per sq. ft.	RM1,273.57 per sq. ft. & RM1,407.64 per sq. ft.*

*Different result for Block No. 25 and Block No. 27, respectively.

After final adjustment, we have arrived at a range of value between **RM1,017 per sq. ft.** to **RM1,274 per sq. ft.** (Block No. 25) and **RM1,017 per sq. ft.** to **RM1,408** (Block No. 27). Having taken all relevant factors into consideration, we placed a greater emphasis on **Comparable 3 - No. 43, Boulevard Signature Office** due to similarity of location factor, NLA offered as well as building condition. Therefore, it is in our opinion that **RM1,274 per sq. ft.** and **RM1,408 per sq. ft.** reflects the fair and reasonable Market Value for Building No. 25 and Building No. 27 respectively.

RECONCILIATION OF VALUE

The value summary of Subject Properties 3 from both approaches of valuation and its reconciliation are as follows: -

Block No. 25: -

Income Approach (Investment Method) RM33,300,000
Comparison Approach RM27,300,000

Adopt: RM33,300,000

Block No. 27: -

Income Approach (Investment Method) RM47,200,000
Comparison Approach RM45,100,000

Adopt: RM47,200,000

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VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTIES 4 – GARDENS NORTH TOWER & GARDENS SOUTH TOWER (Our Ref: VR/02-20/0071)

Property Type / Interest to be Valued : Subject Properties 4, identified as Gardens North Tower ("Gardens North") and Gardens South Tower ("Gardens South"), are two individual 26-storey office buildings erected on top of an 8-storey retail podium known as The Gardens Mall. Gardens North has an NLA of 425,634 sq. ft. (approximately 39,542.69 sq. m.) while Gardens South NLA is 421,295 sq. ft. (approximately 39,139.59 sq. m.).

It should be noted that this valuation exercise excludes car parks which belong to the retail mall.

Date of Inspection : February 5, 2020

Address of Subject Properties 4 : Gardens North Tower and Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

Location : Similar to Subject Property 1 to 3, Subject Properties 4 are also located within Mid Valley City, on top of The Gardens Mall.

Age of Building : Approximately 10 years

Building Description : Subject Properties 4 are built on top of a retail podium and are constructed of reinforced concrete framework with aluminium framed curtain cladding/glazings with intermediate reinforced concrete floor slab.

In terms of building finishes, each of the individual 26-storey office block finishes at main lift lobby are generally made of marble slab and timber flooring, whilst other internal doors are generally of timber panel and timber fire rated type. The windows are generally of aluminium glass panels.

Gardens North and Gardens South were constructed simultaneously with almost identical architectural designs and M&E fittings.

Existing Use of Subject Properties 4 : Office building.

Town Planning : Zoned commercial

Certificate of Fitness : Subject Properties 4 were issued with final CFO by DBKL on June 22, 2012.

VALUATION CERTIFICATES (Cont'd)

Historical Outgoings	Year	2017	2018	2019*
Gardens North				
Average Outgoing (RM per sq. ft. per month)		1.77	1.80	1.99*
Gardens South				
Average Outgoing (RM per sq. ft. per month)		1.73	1.75	2.10*

*Sharp increase due to introduction of new management fee. The reanalysed rates are RM1.73 per sq. ft. & RM1.82 per sq. ft. for Gardens North and Gardens South respectively.

We have adopted RM1.80 per sq. ft. per month for Subject Properties 4.

Occupancy Rate	Year	2017	2018	2019
Gardens North				
Average Occupancy Rate		97.22%	93.99%	82.31%
Gardens South				
Average Occupancy Rate		94.54%	93.20%	92.43%

Terms of Tenancy : As at the date of valuation, Gardens North was 72.37% occupied by various tenants with gross rental rates varying between RM6.00 to RM8.80 per sq. ft. per month, while Gardens South was 91.02% occupied with gross rental rates range from RM6.00 to RM9.00 per sq. ft. per month.

As for the sole retail lot at the lobby at each block (licenced area for Gardens South), the gross rental is RM7.00 per sq. ft. per month to both Gardens North and Gardens South. Tenancies unexpired term ranging from 0.13 years to 5.42 years to Gardens North and 0.25 years to 5.63 years to Gardens South. The average current rental rates for Gardens North and Gardens South are RM7.05 per sq. ft. per month and RM6.99 per sq. ft. per month, respectively.

As disclosed to us by IGB, there are three existing related party tenancies with NLA of 26,528 sq. ft. in Gardens North whilst Gardens South has a total of 16 related party tenancies with a total NLA of 88,328 sq. ft.. We opine that the rental rates are within reasonable market range.

NLA : Gardens North - 425,634 sq. ft. (approximately 39,542.69 sq. m.).
Gardens South - 421,295 sq. ft. (approximately 39,139.59 sq. m.).

Title Particulars as extracted from an official search made at the Registry of Land Titles, Wilayah Persekutuan Kuala Lumpur on February 3, 2020.

Strata Title Nos. : Gardens North
PN37073/M1/B3/6, Lot 79 Section 95A, Town of Bandar Kuala Lumpur and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.

Gardens South
PN37073/M1/B3/5, Lot 79 Section 95A, Town of Bandar Kuala Lumpur and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.

VALUATION CERTIFICATES (Cont'd)

Accessory Parcel Nos.	: <u>Gardens North</u> A5, A15 to A22, A29, A35 and A45.
	<u>Gardens South</u> A2, A6 to A10, A25, A31 and A42.
Tenure	: Leasehold for 99 years expiring on June 6, 2103 thus leaving an unexpired term of approximately 83 years.
Category of Land Use	: Bangunan (<i>Building</i>)
Surveyed Floor Area	: <u>Gardens North</u> 61,207 sq. m. (about 658,827 sq. ft.)
	<u>Gardens South</u> 60,051 sq. m. (about 646,384 sq. ft.)
Registered Owners	: Gardens North – Mid Valley City North Tower Sdn. Bhd Gardens South – Mid Valley City South Tower Sdn. Bhd
Express Condition	: Pejabat (<i>Office</i>)
Restriction in Interest	: Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur. (<i>This land shall not be transferred, leased, mortgaged or charged except with the consent of the Federal Territory Land Executive Committee.</i>)
Encumbrances	: Nil
Endorsements	: <u>Gardens North</u> 1) Transfer of land from Mid Valley City Developments Sdn Bhd to Mid Valley City North Tower Sdn Bhd registered on 26 December 2017 vide presentation number PDSC44962/2017 2) Amendments pursuant to Section 380 of the NLC registered on 17 April 2018 vide presentation number PDNB772/2018
	<u>Gardens South</u> 1) Transfer of land from Mid Valley City Developments Sdn Bhd to Mid Valley City South Tower Sdn Bhd registered on 26 December 2017 vide presentation number PDSC44967/2017 2) Amendments pursuant to Section 380 of the NLC registered on 17 April 2018 vide presentation number PDNB769/2018

VALUATION METHODOLOGY

We have used the “Income Approach” and cross-checked with the “Comparison Approach” in formulating our opinion of the individual Market Value of Subject Properties 4.

VALUATION CERTIFICATES (Cont'd)

Income Approach (Investment Method)

Under this method, the capital value of Subject Properties 4 is derived from an estimate of the Market Rental which it can reasonably be let for. Rental evidence may be obtained from actual passing rents command by the building itself, if it is tenanted. Outgoings, such as assessment & quit rent, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalised at an appropriate capitalisation rate to arrive at its indicative capital value.

We have adopted the following rates in the computation: -

a) Office Space

Description	Adopted Rate	Remarks
Gross Rental for Term Period (Monthly per sq. ft.)	<u>Gardens North</u> Office Space: RM6.00 to RM8.80; Sole Retail Lot: RM7.00 <u>Gardens South</u> Office Space: RM6.00 to RM9.00; Sole Retail Lot: RM7.00	We have adopted the current passing rent in the existing tenancies.
Gross Rental for Reversionary Period - Interruption Period (Monthly per sq. ft.)	<u>Gardens North</u> Office Space: RM6.00 to RM8.80; Sole Retail Lot: RM7.00 <u>Gardens South</u> Office Space: RM6.00 to RM9.00; Sole Retail Lot: RM7.00	We have adopted rental rates similar to Reversionary Period together with a 15% discount from gross annual rental as Interruption Allowance. This allowance will only affect vacant units and any tenancies that expire within the Interruption Period.
Gross Rental for Reversionary Period (Monthly per sq. ft.)	<u>Gardens North</u> Office Space: RM6.00 to RM8.80; Sole Retail Lot: RM7.00 <u>Gardens South</u> Office Space: RM6.00 to RM9.00; Sole Retail Lot: RM7.00	We have adopted existing gross rental as reversionary gross rental for occupied units and RM7.00 per sq. ft. for unoccupied/vacant units, which are supported by the asking rental of the Subject Properties 4 and similar office buildings within the vicinity.
Operating Expenses / Outgoings Per Month	RM1.80 per sq. ft.	Operating expenses are the costs incurred in maintaining the Subject Properties 4 comprising staff costs, operational costs, general expenses, assessment, quit rent, insurance and maintenance cost and other miscellaneous expenses relate to the building

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
		<p>operating costs.</p> <p>The actual historical monthly operating costs of Gardens North in 2017, 2018 and 2019 were RM1.77 per sq. ft., RM1.80 per sq. ft. and RM1.99 per sq. ft. respectively whilst Gardens South were RM1.73 per sq. ft., RM1.75 per sq. ft. and RM2.10 per sq. ft. respectively.</p> <p>Similar to Subject Property 1 to 3, the operating costs in 2019 for Subject Properties 4 have also increased drastically due to the same reason hence we have reanalysed the operating cost of 2019 (by excluding the new management fee and reintroduce partial support cost) for Gardens North and Gardens South, concluded at RM1.79 per sq. ft. and RM1.82 per sq. ft. respectively.</p> <p>Therefore, we have adopted RM1.80 per sq. ft., which is in line with the market average.</p>
Void	10%	<p>Void factor is an allowance for vacancy and marketing period. The potential long-term average occupancy has been considered as it will also affect the potential income generating capacity of Subject Properties 4.</p> <p>The average occupancy rate of Subject Properties 4 is above 90% for the past three years with exception to Gardens North in year 2019. Given its attractiveness of being located within a matured integrated development, i.e. Mid Valley City, with good road network and a strong list of reputable tenants, coupled with excellent building condition and historical occupancy rate record, we are comfortable to adopt a long-term rate of 90% and hence adopted 10% as void factor for Subject Properties 4.</p> <p>Note that Void Factor for Interruption Period is calculated from annual rental after Interruption Allowance.</p>
Term Capitalisation Rate	5.75%	Based on our findings, the net yield of office building in Kuala Lumpur City ranges from 5.44% to 5.87%. It is noted that Menara Shell, DiJaya Plaza and Wisma Amanahraya were transacted at a net yield of 5.87%, 5.61% and 5.44% respectively.
Interruption and Reversionary Capitalisation Rate	6.00%	Hence, we opine that a term capitalisation rate of 5.75% is fair and reasonable. For reversionary period, we have allowed a higher capitalisation rate of 6.00% as compared to the term capitalisation rate of 5.75% to reflect risks of future uncertainty.

VALUATION CERTIFICATES (Cont'd)

b) Other Income

From the past financial data provided by IGB, we noted there are other income earned by Subject Properties 4 from real and rent related income, maintenance service charge and other miscellaneous income.

The past 3 years average annual income of Subject Properties 4 were RM720,170 per annum for Gardens North and RM587,762 for Gardens South. No operating expense was considered as it has been reflected in the office outgoing computation. Therefore, we have capitalised the 3 years average annual income at 6.00%, which is in line with the office capitalisation rate, and arrived at RM11,908,584 and RM9,719,122 respectively as the capital value of Other Income for Gardens North and Gardens South

Cross-Checked Method – Comparison Approach

This method is comparing Subject Properties 4 with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In the selection of and making comparison to the comparable properties, due consideration is given to value-based factors and other relevant factors to arrive at our opinion of value.

Details of selected comparables are as below: -

Comparables	1	2	3
Property	Nexgram Tower	Menara Shell	Tower 2, NU Sentral
Building Description	An 11-storey Stratified office building with a lower ground floor. Transacted without car park.	A 33-storey stratified office building erected on a 5-storey podium & 4 levels of basement car park. Transacted with 915 car parking bays.	A 36-storey office building. Transacted without car park.
Source	JPPH/Bursa Announcement & Circular	Bursa Securities Announcement	JPPH
Tenure	Leasehold expiring on August 16, 2106	Freehold	Freehold
Building Age as at the Date of Transaction	Approximately 10 years	Approximately 2 years	Approximately 3 years
NLA	63,970 sq. ft.	557,053 sq. ft.	503,808 sq. ft.
Vendor	Coconut Three Sdn. Bhd.	348 Sentral Sdn Bhd	Uptown Skyline Sdn Bhd
Purchaser	TMS Development Sdn. Bhd.	Maybank Trustee Bhd (A trustee of MRCB-QUIL REIT)	Pertubuhan Keselamatan Sosial
Consideration	RM67,000,000	RM640,000,000	RM574,713,650
Transaction Date	December 31, 2018	June 30, 2016	December 18, 2015
Analysed Rate (with Car Park)	RM1,047.37 per sq. ft.	RM1,148.90 per sq. ft.	RM1,140.74 per sq. ft.
Adjustment Made	Time, Location, Tenure, Title Status, Carpark Ownership, NLA, Building Condition and Car Park		
Final Adjusted Value (without Car Park)*	RM1,021.18 per sq. ft.	RM918.81 per sq. ft.	RM1,035.23 per sq. ft.

*Note: Both Gardens North and Gardens South have similar adjustment factors and conclusion.

VALUATION CERTIFICATES (Cont'd)

After final adjustment, we have arrived at a range of value between RM919 per sq. ft. to RM1,035 per sq. ft. Having taken all relevant factors into consideration, we placed a greater emphasis on Comparable 2 - Menara Shell due to the similarity of location factor as well as the large lettable area offered. Therefore, it is in our opinion that RM919 per sq. ft. reflects the fair and reasonable market value for Subject Properties 4 without car park.

RECONCILIATION OF VALUE

The value summary of Subject Property 4 from both approaches of valuation and its reconciliation are as follows: -

Gardens North: -

Income Approach (Investment Method)	RM392,400,000
Comparison Approach	RM391,100,000

Adopt: RM392,400,000

Gardens South: -

Income Approach (Investment Method)	RM389,200,000
Comparison Approach	RM387,100,000

Adopt: RM389,200,000

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VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTY 5 – THE OFFICE AND RETAIL PORTIONS OF MENARA SOUTHPOINT (Obj. Ref. VR/02-20/0074)

Property Type /
Interest to be Valued

Subject Property 5 consists of 27-storey office levels together with two levels of ballroom and function rooms, two levels of retail floors and 1,159* parking bays within a 59-storey mixed commercial building known as Menara Southpoint. Other components within Menara Southpoint is 19-storey of service apartments above the office levels and seven levels of elevated parking consisting of 709 parking bays. This valuation exercise excludes service apartments portion which is independent from the office portion operation and is planned to be sold on stratified basis as well as the 709 parking bays located at the seven levels of elevated parking.

In addition, we were further instructed by IGB REIT Management to appraise the Subject Property 5 based on 99 years lease tenure. This is due to the application to extend the lease has been approved on July 16, 2020 by Pejabat Tanah dan Galian Wilayah Persekutuan Kuala Lumpur (“PTGKL”) and we were instructed to include this circumstance in arriving at our opinion of Market Value of the Subject Property.

**Note: Inclusive of 250 bays located beyond the Subject Property 5 site boundary, which consist of 216 bays located within stratum below Lingkaran Syed Putra PJ Bangsar Bypass, 23 bays within The Gardens Mall basement parking and 11 bays within the Mid Valley Megamall basement parking. We were given to understand that a long-term lease application has been submitted to DBKL for the 216 bays stratum bays pending for decision. Similarly, the 23 bays and 11 bays located at The Gardens Mall and Mid Valley Megamall, respectively, will be arranged on long-term lease basis from the respective owner.*

Date of Inspection	: February 11, 2020
Address of Subject Property 5	: Menara Southpoint, Mid Valley City, Medan Syed Putra Selatan, 59200 Kuala Lumpur.
Location	: Similar to Subject Property 1 to 4, Subject Property 5 is also located within Mid Valley City but is a standaloue building, not attached to any of the two shopping malls but is connected via two separate link bridges and basement car park. It is located opposite Menara IGB (Subject Property 1) separated by the internal service road, Lingkaran Syed Putra.
Age of Building	: Approximately 2 years.

VALUATION CERTIFICATES (Cont'd)

Building Description : The building is generally constructed of reinforced concrete framework resting on deep piled foundation with intermediate reinforced concrete floor and concrete flat roof. It has five levels of basement and a 10-storey podium which accommodate entrance lobby area, retail space, elevated parking levels, ballroom/ function rooms and subsequently the highrise tower on a smaller plinth area accommodating office area and service apartments together with facilities for service apartments at the roof top.

In terms of building finishes, the finishes at main lift lobby are generally made of marble slab and timber flooring, whilst other internal doors are generally of timber panel and timber fire rated type. The windows are generally of aluminium glass panels. There are three main entrances available at the ground floor, in which two are for office lobby and one for service apartment lobby.

Existing Use of Subject Property 5 : Office and residential (service apartment) building.

Town Planning : Zoned commercial

Certificate of Fitness : Subject Property 5 was issued with partial Certificate of Completion and Compliance ("CCC") or Berang F1 by DBKL on February 20, 2018.

Historical Outgoings :

Year	2018	2019
Average Outgoing (RM per sq. ft. per month)	0.44*	1.89**

*Analysed based on data from August to December 2018.

**Sharp increase due to introduction of new management fee. The reanalysed rate is RM1.66 per sq. ft.

We have adopted RM1.75 per sq. ft. per month (inclusive carpark expenses)

Occupancy Rate :

Year	2018*	2019
Average Occupancy Rate	20.56%	39.89%

*Occupancy rate from August to December 2018

Terms of Tenancy : As at the date of valuation, Subject Property 5 was 43.99% occupied by various tenants with gross rental rates varying between RM6.50 to RM7.00 per sq. ft. per month. As for retail lots at ground floor and mezzanine floor, the gross rental is between RM3.50 to RM6.50 per sq. ft. per month, with tenancies unexpired term ranging from 1.25 years to 9.00 years. The average current rental rate for Subject Property 5 is RM6.67 per sq. ft. per month.

As disclosed by IGB, there is one existing related party tenancy which occupies the vertical static panel at the building façade.

NLA : 564,016 sq. ft. (approximately 52,398.80 sq. m.) inclusive of two levels of ballroom/ function room at Level 8 and 9 which are pending for internal finishes work to complete.

VALUATION CERTIFICATES (Cont'd)**Title Particulars as extracted from an official search made at the Registry of Land Titles, Wilayah Persekutuan Kuala Lumpur on February 3, 2020.**

Master Title No.:	PN 37074, Lot 81 Section 95A, Town of Bandar Kuala Lumpur and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Tenure	: Leasehold for 99 years expiring on June 6, 2103 thus leaving an unexpired term of approximately 83 years.*
Category of Land Use	: Bangunan (<i>Building</i>)
Surveyed Land Area	: 8,942 sq. m. (about 96,251 sq. ft. or 2.2096 acres)
Registered Owner	: Mid Valley City Southpoint Sdn. Bhd.
Express Condition	: Tanah ini hendaklah hanya untuk bangunan perdagangan sahaja. (<i>This land shall be used only for commercial building only.</i>)
Restriction in Interest	: Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebcaraan Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur. (<i>This land shall not be transferred, leased, mortgaged or charged except with the consent of the Federal Territory Land Executive Committee</i>)
Encumbrance	: Nil
Endorsements	: <ol style="list-style-type: none"> 1) Revision of address registered on 2 November 2015 vide presentation number PDB16615/2015 2) Cancellation of variation of condition, restriction-in-interests and category of land use registered on 20 July 2017 vide presentation number PDN530/2017 3) Application for surrender and realienation of land registered on 2 December 2019 vide presentation number: PDN2200/2019

*Note: *We were made to understand that approval for extension of leasehold tenure of Subject Property 5 to 99 years has been obtained via an official letter dated July 16, 2020 issued by PTGKI, and the lease extension premium has been paid on August 5, 2020. As a result, we have been instructed to appraise the Subject Property 5 based on 99 years lease tenure for the purpose of this valuation exercise.*

VALUATION METHODOLOGY

We have used the “Income Approach” and cross-checked with the “Comparison Approach” in formulating our opinion of the individual Market Value of Subject Property 5.

Income Approach (Investment Method)

Under this method, the capital value of Subject Property 5 is derived from an estimate of the Market Rental which it can reasonably be let for. Rental evidence may be obtained from actual passing rents command by the building itself, if it is tenanted. Outgoings, such as assessment & quit rent, repairs and maintenance, insurance and management are then deducted from the annual rental income. The

VALUATION CERTIFICATES (Cont'd)

net annual rental income is then capitalised at an appropriate capitalisation rate to arrive at its indicative capital value.

It should be noted that the approved lease extension period to 99 years for Subject Property 5 has been taken into consideration as further instructed by IGB REIT Management. Therefore, the Market Value of Subject Property 5 derived from Income Approach (Investment Method) are based on the basis of 99 years lease tenure.

We have adopted the following rates in the computation: -

a) Office Space

Description	Adopted Rate	Remarks
Gross Rental for Term Period (Monthly per sq. ft.)	Retail: RM3.50 to RM6.50; Office: RM6.50 to RM7.00	We have adopted the current passing rent in the existing tenancies.
Gross Rental for Reversionary Period - Interruption Period (Monthly per sq. ft.)	Retail: RM3.50 to RM6.50; Office: RM6.50 to RM7.20	We have adopted rental rates similar to Reversionary Period together with a 15% discount from gross annual rental as Interruption Allowance. This allowance will only affect vacant units and any tenancies that expire within the Interruption Period.
Gross Rental for Reversionary Period (Monthly per sq. ft.)	Retail: RM3.50 to RM6.50; Office: RM6.50 to RM7.20	We have adopted existing gross rental as reversionary gross rental for occupied units and RM7.20 per sq. ft. for unoccupied/vacant units, which are supported by the asking rental of the Subject Property 5 and similar office buildings within the vicinity.
Operating Expenses / Outgoings Per Month	RM1.58 per sq. ft.	<p>Operating expenses are the costs incurred in maintaining Subject Property 5 comprising staff costs, operational costs, general expenses, assessment, quit rent, insurance and maintenance cost and other miscellaneous expenses relate to the building operating costs.</p> <p>Subject Property 5 was newly completed with partial CCC issued in July 2018. Therefore, it does not have sufficient historical data for analysis purpose. The actual historical monthly operating cost in 2018 (5 months data) and 2019 was RM0.44 and RM1.89 per sq. ft. per month, respectively.</p> <p>Similar as Subject Properties 1 to 4, a new management fee with the structure based on 0.3% of Market Value and 5% of Net Property Income was introduced. Hence, we have reanalysed the operating cost of 2019 (by excluding the new management fee and introducing support cost by adopting a more reasonable rate from Subject Property 4) and concluded at RM1.66 per sq. ft.. We have, however, adopted RM1.75 per sq. ft. per month as total operating expenses.</p>

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
		<p>It should be noted that the above adopted rate of RM1.75 per sq. ft. per month includes car park expenses, in which we have allowed an estimate of 15% (equalling to RM0.17 per sq. ft.) of the car park revenue as car park operating expenses as it is necessary to separate the outgoing for the carpark but the final total outgoing for the carpark and building portion will be consistent with the actual overall analysed building outgoing analysis.</p> <p>As a result, we have adopted RM1.58 per sq. ft for the office portion without car park, which is in line with the market average.</p>
Void	10%	<p>Void factor is an allowance for vacancy and marketing period. The potential long-term average occupancy has been considered as it will also affect the potential income generating capacity of Subject Property 5.</p> <p>There is insufficient historical record of occupancy as Subject Property 5 is newly established in the market. The average occupancy rate recorded in 2018 and 2019 at 20.56% and 39.89% (respectively) does not really reflect the ability and potential of Subject Property 5 in attracting tenants.</p> <p>Given its attractiveness of being located within a matured integrated development, i.e. Mid Valley City, with good road network and a strong list of reputable tenants, coupled with the healthy occupancy rates enjoyed by other office buildings within the Mid Valley City, we opine that it is matter of time before the occupancy rate of Subject Property 5 will pick up the pace and therefore we have adopted a long-term occupancy rate of 90% and hence adopted 10% as void factor for the office building.</p> <p>Note that Void Factor for Interruption Period is calculated from annual rental after Interruption Allowance.</p>
Term Capitalisation Rate	5.75%	Based on our findings, the net yield of office building in Kuala Lumpur City ranges from 5.44% to 5.87%. It is noted that Menara Shell, DiJaya Plaza and Wisma Amanahraya were transacted at a net yield of 5.87%, 5.61% and 5.44% respectively.
Interruption and Reversionary Capitalisation Rate	6.00%	Hence, we opine that a term capitalisation rate of 5.75% is fair and reasonable. For interruption and reversionary period, we have allowed a higher capitalisation rate of 6.00% as compared to the term capitalisation rate of 5.75% to reflect risks of future uncertainty.

VALUATION CERTIFICATES (Cont'd)

b) Car Park Portion

We have adopted the following rates in the car park computation: -

Description	Adopted Rate	Remarks
No. of Parking Bays	Total for this valuation exercise -- 1,159 bays	<p>There is a total of 1,868 parking bays at Menara Southpoint which comprise of 1,159 bays at four levels of basements and lower ground floor and 709 bays at the elevated floors. The total of 1,159 bays at the basements are also inclusive of 216 bays under stratum, 23 bays within The Gardens Mall and 11 bays at the Mid Valley Megamall. The 709 parking bays located at the seven elevated floors are excluded from this valuation exercise.</p> <p>We were given to understand that a long-term lease application has been submitted to DBKL for the 216 bays stratum bays pending for decision. The 23 bays and 11 bays located at The Gardens Mall and Mid Valley Megamall, respectively, will be arranged on long-term lease basis from the respective owner. Therefore we consider the potential income generated from these 250 bays and allowed a nominal annual lease rental payable as the expense.</p>
Gross Monthly Revenue	Office & Stratum bays: RM367 per bay	<p>Subject Property 5 does not have sufficient historical data for car park revenue analysis. In view of the physical structure that connects to basement of Mid Valley Megamall and further confirmation by IGB that the parking will be charged the same rate as the retail mall, we have, by utilizing our internal record from previous valuation work, adopted historical car park revenue from Mid Valley Megamall as benchmark to forecast carpark revenue achievable by Subject Property 5. Our analysis showed that average gross revenue per month is around RM367 per bay. Hence, we have adopted RM367 per bay as the Gross Monthly Revenue to all 1,189 parking bays.</p>
Operating Expenses / Outgoings Per Month	15% of the gross revenue / RM0.17 per sq. ft.	<p>We have allocated 15% of the gross revenue as the operating expenses to maintain the car park area in term of car park system, security charges, utilities, etc. This adopted outgoing rate is considered as fair and reasonable and in line with the market rate based on our past cases and work experience. On top of that, we have also allowed a total of RM14,000 per annum as the nominal lease payment to all stratum 250 bays located beyond the boundary of Subject Property 5.</p>
Capitalisation Rate	6.00%	We have adopted the net yield of 6.00% which is in line with office portion.

Based on the parameters as above, the market value of car park is analysed approximately RM61,968 per bay.

VALUATION CERTIFICATES (Cont'd)

e) Other Income

From the past financial data provided by IGB, we noted there are other income earned by Subject Property 5 from rent and rent related income, maintenance service charge and other miscellaneous income.

We have adopted Year 2019 record of RM904,940.27 per annum as Subject Property 5 long-term sustainable other income revenue. No operating expense was considered as it has been reflected in the office outgoing computation.

By adopting 6.00% as capitalisation rate, which is in line with the office capitalisation rate, we arrived at RM15,035,220 as the capital value of other income.

Cross-Checked Method – Comparison Approach

This method is comparing Subject Property 5 with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In the selection of and making comparison to the comparable properties, due consideration is given to value-based factors and other relevant factors to arrive at our opinion of value.

a) Office Portion

Details of selected comparables are as below: -

Comparables	1	2	3
Property	Nexgram Tower	Menara Shell	Tower 2, NU Sentral
Building Description	An 11-storey Stratified office building with a lower ground floor. Transacted without car park.	A 33-storey stratified office building erected on a 5-storey podium & 4 levels of basement car park. Transacted with 915 car parking bays.	A 36-storey office building. Transacted without car park.
Source	JPPH/Bursa Announcement & Circular	Bursa Securities Announcement	JPPH
Tenure	Leasehold expiring on August 16, 2106	Freehold	Freehold
Building Age as at the Date of Transaction	Approximately 10 years	Approximately 2 years	Approximately 3 years
Net Lettable Area	63,970 sq. ft.	557,053 sq. ft.	503,808 sq. ft.
Vendor	Coconut Three Sdn. Bhd.	348 Sentral Sdn. Bhd.	Uptown Skyline Sdn. Bhd.
Purchaser	IMS Development Sdn. Bhd.	Maybank Trustee Bhd (A trustee of MRCB-QUILL REIT)	Pertubunan Keselamatan Social
Consideration	RM67,000,000	RM640,000,000	RM574,713,650
Transaction Date	December 31, 2018	June 30, 2016	December 18, 2015
Analysed Rate (with Car Park)	RM1,047.37 per sq. ft.	RM1,048.90 per sq. ft.	RM1,140.74 per sq. ft.
Adjustment Made	Time, Location, Tenure, Capark Ownership, NLA, Building Condition and Car Park.		

VALUATION CERTIFICATES (Cont'd)

Comparables	1	2	3
Final Adjusted Value (without Car Park)	RM1,125.92 per sq. ft.	RM1,033.67 per sq. ft.	RM1,160.70 per sq. ft.

After final adjustment, we have arrived at a range of value between **RM1,034 per sq. ft.** to **RM1,161 per sq. ft.** Having taken all relevant factors into consideration, we placed a greater emphasis on **Comparable 2 – Menara Shell** due to the similarity of location factor as well as the large lettable area offered. Therefore, it is in our opinion that **RM1,034 per sq. ft.** reflects the fair and reasonable market value for Subject Property 5 without car park.

b) Car Park Portion

Comparables	1	2
Property	Pavilion Kuala Lumpur	Tropicana City Mall, Petaling Jaya
Location	Jalan Bukit Bintang	Jalan SS20/27, Petaling Jaya
Source	Bursa Securities Announcement	Bursa Securities Announcement
Car Park Bay	72	1,759
Consideration	RM4,896,000	RM59,366,250
Transaction Date	July 1, 2015	January 26, 2015
Vendor	Pavilion REIT	Tropicana City Sdn Bhd
Purchaser	Urusharta Concerlang Sdn Bhd	Amtrustee Berhad (on behalf of Capitamails Malaysia Trust, CMMT)
Value (RM per bay)	RM68,000	RM33,750
Adjustment Made	Time, Location, Tenure, No. of Bays	
Final Adjusted Value (RM per bay)	RM63,580	RM40,838

Based on the above transactions and taken into consideration time factor and number of car park bays of Subject Property 5, we placed a greater emphasis on **Comparable 1 – Pavilion Kuala Lumpur** due to both Subject Property and Comparable 1 are located in hot spot area. Therefore, we have adopted **RM63,580 per bay** as the Market Value for office car park.

For the 250 stratum bays not owned by Subject Property 5, we have allowed a further 2.5% downward adjustment from the established capital value to reflect for non-ownership on these bays. Summary of total market value for carpark based on Comparison Approach is as below:-

Type of Carpark	No. of Bays	Capital Value (RM)	Total Value (RM)
With ownership	909	63,580.00	57,794,220
Without ownership	250	61,990.50	15,497,625
	1,159		73,291,845
			Or RM63,237.14/bay

RECONCILIATION OF VALUE

The value summary of Subject Property 5 from both approaches of valuation and its reconciliation are as follows: -

Income Approach (Investment Method)	RM573,300,000
Comparison Approach	RM656,300,000

Adopt: RM573,300,000*

VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTY 6 – MENARA TAN & TAN (Our Ref: VR/02-20/0073)

Property Type / Interest to be Valued : Subject Property 6 is a purpose built 25-storey office building (including mezzanine floor) with two basements comprising seven levels of parking facilities at Basement 1, Basement 2 and five levels of elevated carpark totalling to 543 parking bays. The NLA of Subject Property 6 is 339,385 sq. ft. (approximately 31,529.90 sq. m.).

Date of Inspection : February 3, 2020

Address of Subject Property 6 : Menara Tan & Tan, No. 207, Jalan Tun Razak, 50400 Kuala Lumpur.

Location : Subject Property 6 is strategically located along Jalan Tun Razak, one of the main arterial roads within Kuala Lumpur City Centre. More precisely, Subject Property 6 is located at the intersection onto Lorong Kuda which lead to the world famous Petronas Twin Towers (Suria KLCC).

Jalan Tun Razak, being one of the main arterial roads in the city center, is connected to other arterial roads leading to various parts of Klang Valley such as Jalan Kuching and subsequently Lebuhraya Sultan Iskandar as well as Jalan Bukit Bintang leading to Jalan Sultan Ismail and Jalan Sungai Besi leading to Seremban Highway.

Age of Building : Approximately 23 years

Building Description : The building is generally constructed of reinforced concrete framework resting on deep piled foundation with intermediate reinforced concrete floor and concrete flat roof. It has two levels of basement parking, five levels of elevated parking facility, ground floor commercial areas and 19 levels of office space. Total parking available at Subject Property 6 is totalling to 543 bays.

In terms of building finishes, the finishes at main lift lobby are generally made of granite slab and ceramic tile, whilst other internal doors are generally of timber panel and timber fire rated type. The windows are generally of aluminium glass panels.

Existing Use of Subject Property 6 : Office building.

Town Planning : Zoned commercial

Certificate of Fitness : Subject Property 6 was issued with final CFO by DBKL on August 16, 1997.

Year	2017	2018	2019
Average Outgoing (RM per sq. ft. per month)	1.72	1.63	2.01*

*Sharp increase due to introduction of new management fee. The reanalyses rate is RM1.83 per sq. ft.

We have adopted RM1.75 per sq. ft. per month (inclusive car park expenses).

VALUATION CERTIFICATES (Cont'd)

Occupancy Rate	Year	2017	2018	2019
	Average Occupancy Rate	74.05%	67.65%	70.52%

Terms of Tenancy : As at the date of valuation, Subject Property 6 was 75.30% occupied by various tenants with gross rental rates varying between RM4.00 to RM7.20 per sq. ft. per month. As for retail lots at ground floor, the gross rental is between RM6.57 to RM7.50 per sq. ft. per month. The tenancies unexpired term ranging from 0.13 years to 6.00 years with average current rental rate of RM5.31 per sq. ft. per month.

As disclosed by IGB, there is one existing related party tenancy with NLA of 1,141 sq. ft. which we opine that the rental rate is within reasonable market range.

NLA : 339,385 sq. ft. (approximately 31,529.90 sq. m.)

Title Particulars as extracted from an official search made at the Registry of Land Titles, Wilayah Persekutuan Kuala Lumpur on February 3, 2020.

Title No. : Geran 26965, Lot 308, Section 63, Town of Kuala Lumpur, District of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur.

Tenure : Freehold

Category of Land Use : Nil*

Surveyed Land Area : 4,509 sq. m. (about 48,535 sq. ft. or 1.1142 acres)

Registered Owner : Tan & Tan Realty Sdn. Bhd.

Express Condition : Nil

Restriction in Interest : Nil

Encumbrances : Nil

Endorsements : 1) Part of the land is leased to Tenaga Nasional Berhad vide Presn. No. PDSC18155/1992 dated October 19, 1992 for a period of 30 years ending November 14, 2021.
2) Amendment pursuant to Section 380 of National Land Code registered on 30 August 2010 vide Presn. No. PDNB3166/2010.

* We were given to understand the vendor has made an application to PTG KL to impose and endorse (i) the category of land use as "Bangunan (Building)"; and (ii) the express condition as "Tanah ini hendaklah digunakan untuk bangunan perdagangan sahaja (This land is to be used for commercial building only)" on the title. Together with the fact that Subject Property 6 is zoned under commercial usage and quit rent is assessed under commercial rate, therefore we have appraised this land as a commercial category land.

VALUATION CERTIFICATES (Cont'd)

VALUATION METHODOLOGY

We have used the "Income Approach" and cross-checked with the "Comparison Approach" in formulating our opinion of the individual Market Value of Subject Property 6.

Income Approach (Investment Method)

Under this method, the capital value of Subject Property 6 is derived from an estimate of the Market Rental which it can reasonably be let for. Rental evidence may be obtained from actual passing rents command by the building itself, if it is tenanted. Outgoings, such as assessment & quit rent, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalised at an appropriate capitalisation rate to arrive at its indicative capital value.

We have adopted the following rates in the computation: -

a) Office Space

Description	Adopted Rate	Remarks
Gross Rental for Term Period (Monthly per sq. ft.)	Retail: RM6.57 to RM7.50*; Office: RM4.00 to RM7.20	We have adopted the current passing rent in the existing tenancies. * Except for ground floor food court
Gross Rental for Reversionary Period - Interruption Period (Monthly per sq. ft.)	Retail: RM6.57 to RM7.50; Office: RM4.00 to RM7.20	We have adopted rental rates similar to Reversionary Period together with a 15% discount from gross annual rental as Interruption Allowance. This allowance will only affect vacant units and any tenancies that expire within the Interruption Period.
Gross Rental for Reversionary Period (Monthly per sq. ft.)	Retail: RM6.57 to RM7.50; Office: RM4.00 to RM7.20	We have adopted existing gross rental as reversionary gross rental for occupied units and RM5.80 per sq. ft. for unoccupied/vacant units, which are supported by the asking rental of the Subject Property 6 and similar office buildings within the vicinity.
Operating Expenses / Outgoings Per Month	RM1.75 per sq. ft.	Operating expenses are the costs incurred in maintaining Subject Property 6 comprising staff costs, operational costs, general expenses, assessment, quit rent, insurance and maintenance cost and other miscellaneous expenses relate to the building operating costs. The actual historical operating costs in 2017, 2018 and 2019 were RM1.72 per sq. ft., RM1.63 per sq. ft. and RM2.01 per sq. ft. respectively. Similar to Subject Property 1 to 5, the operating costs in 2019 for Subject Property 6 has also increased drastically due to the same reason hence we have reanalysed the operating cost of 2019 (by excluding the new management fee and reintroduce partial support cost) for Subject Property 6 and concluded at:

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
		<p>RM1.83 per sq. ft..</p> <p>As there is an unusual jump of in total operating expense for Year 2019, we have decided to adopt annual average of RM1.73 per sq. ft. with additional RM0.02 per sq. ft. as contingency as total outgoing per month, which totalling to RM1.75 per sq. ft. per month.</p> <p>However, it should be noted that the above adopted rate of RM1.75 per sq. ft. per month includes car park expenses, in which we have allowed an estimate of 15% (equalling to RM0.03 per sq. ft.) of the car park revenue as car park operating expenses as it is necessary to separate the outgoing for the carpark but the final total outgoing for the carpark and building portion will be consistent with the actual overall analysed building outgoing analysis.</p> <p>Therefore, we have adopted RM1.72 per sq. ft. for the office portion without car park, which is in line with the market average.</p>
Void	15%	<p>Void factor is an allowance for vacancy and marketing period. The potential long-term average occupancy has been considered as it will also affect the potential income generating capacity of Subject Property 6.</p> <p>The average occupancy rate of Subject Property 6 around 70.74%. Notwithstanding that the Subject Property 6 faces stiffer competition in terms of office space supply, we opined that the current occupancy rate does not reflect the potential long-term performance of Subject Property 6, given its ability to attract tenants in the past, good existing list of tenants, good location within Kuala Lumpur City Centre, close proximity to KLCC along with the nearby upcoming MRT network. Therefore, we have adopted a fairer long-term occupancy rate of 85% and hence 15% as void factor for Subject Property 6.</p> <p>Note that Void Factor for Interruption Period is calculated from annual rental after Interruption Allowance.</p>
Term Capitalisation Rate	5.75%	<p>Based on our findings, the net yield of office building in Kuala Lumpur City ranges from 5.44% to 5.87%. It is noted that Menara Shell, DiJaya Plaza and Wisma Amanahraya were transacted at a net yield of 5.87%, 5.61% and 5.44% respectively.</p>

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
Interruption and Reversionary Capitalisation Rate	6.00%	Hence, we opine that a term capitalisation rate of 5.75% is fair and reasonable. For interruption and reversionary period, we have allowed a higher capitalisation rate of 6.00% as compared to the term capitalisation rate of 5.75% to reflect risks of future uncertainty.

b) Car Park Portion

We have adopted the following rates in the car park computation: -

Description	Adopted Rate	Remarks
No. of Parking Bays	Normal car park: 263 bays Tandem car park: 280 bays	Total 543 bays at Subject Property 6.
Average Gross Annual Revenue	RM804,292.75	Based on average annual car park revenue in past 3 years.
Operating Expenses / Outgoings	15% of the gross revenue / RM0.03 per sq. ft.	We have allocated 15% of the gross revenue as the operating expenses to maintain the car park area in term of car park system, security charges, utilities, etc. This adopted outgoing rate is considered as fair and reasonable and in line with the market rate based on our past cases and work experience.
Capitalisation Rate	6.00%	We have adopted the net yield of 6% which is in line with office portion.

Based on the parameters as above, we arrived at total car park capital value at RM11,394,147 or RM20,983.70 per bay. However, as concluded in our simultaneous valuation for Subject Property 7 and 8, we noted that the capital value per bay derived from Income Approach (Investment Method) is RM38,779.68 and RM43,883.03, respectively. Therefore we opined that the car park revenue of Subject Property 6 has undermined its capital value per bay. IGB has also concurred that they have been charging lower season parking rates.

Given the differences in building conditions and other relevant factors, we have decided to adopt RM35,000 per bay as base value for normal car park and RM26,250 per bay (a discount of 25% from normal car park) for tandem car park.

c) Other Income

From the past financial data provided by IGB, we noted there are other income earned by Subject Property 6 from rent and rent related income, maintenance service charge and other miscellaneous income.

The past 3 years average annual income of Subject Property 6 was RM989,387. No operating expense was considered as it has been reflected in the office outgoing computation. Therefore, we have capitalised the 3 years average annual income at 6.00%, which is in line with the office capitalisation rate, and arrived at RM16,489,777 as the capital value of Other Income.

VALUATION CERTIFICATES (Cont'd)

Cross-Checked Method – Comparison Approach

This method is comparing Subject Property 6 with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In the selection of and making comparison to the comparable properties, due consideration is given to value-based factors and other relevant factors to arrive at our opinion of value.

a) Office Portion

Details of selected comparables are as below: -

Comparables	1	2	3
Property	Menara AIA Capsquare, Jalan Munshi Abdullah, Kuala Lumpur.	Menara Prudential, Jalan Sultan Ismail, Kuala Lumpur.	DiJaya Plaza, Jalan Tun Razak, Kuala Lumpur
Building Description	A 41-storey stratified office building with 474 car parking bays	A 32-storey office building with 217 car parking bays	A 19-storey Office Building with 322 car parking bays.
Source	Press release by The Edge Markets dated December 16, 2016./ KWAP official website	Valuation and Property Service Department (JPPH)	Bursa Securities Announcement
Tenure	Freehold	Freehold	Freehold
Building Age as at the Date of Transaction	Approximately 9 years	Approximately 11 years	Approximately 4 years
Net Lettable Area	601,796 sq. ft.	153,716 sq. ft.	156,488 sq. ft.
Vendor	UIR Malaysia Office 1 Sdn. Bhd.	OCBC Properties (M) Sdn. Bhd.	Tropicana Plaza Sdn Bhd
Purchaser	Kumpulan Wang Persaraan (Diperbadankan)	Seria 33 Sdn. Bhd.	Kenanga Holdings Berhad
Consideration	RM511,000,000	RM125,000,000	RM140,000,000
Transaction Date	September 8, 2016	September 22, 2016	January 28, 2016
Analysed Rate (with Car Park)	RM849.12 per sq. ft.	RM813.19 per sq. ft.	RM894.64 per sq. ft.
Adjustment Made	Time, Location, Title Status, NLA, Building Condition and Car Park		
Final Adjusted Value (without Car Park)	RM912.99 per sq. ft.	RM653.49 per sq. ft.	RM740.29 per sq. ft.

After final adjustment, we have arrived at a range of value between **RM653 per sq. ft.** to **RM913 per sq. ft.** Having taken all relevant factors into consideration, we placed a greater emphasis on **Comparable 3 – DiJaya Plaza** due to the similarity of location factor. Therefore, it is in our opinion that **RM740 per sq. ft.** reflects the fair and reasonable Market Value for Subject Property 6 without car park.

VALUATION CERTIFICATES (Cont'd)

b) Car Park Portion

Comparables	1	2
Property	Pavilion Kuala Lumpur	Tropicana City Mall, Petaling Jaya
Location	Jalan Bukit Bintang	Jalan SS20/27, Petaling Jaya
Source	Bursa Securities Announcement	Bursa Securities Announcement
Car Park Bay	72	1,759
Consideration	RM4,895,000	RM59,366,250
Transaction Date	July 1, 2015	January 26, 2015
Vendor	Pavilion REIT	Tropicana City Sdn Bhd
Purchaser	Urusharia Cemerlang Sdn Bhd	Airtrustee Berhad (on behalf of Capitamalls Malaysia Trust, CMMT)
Value (RM per bay)	RM68,000	RM33,750
Adjustment Made	Time, Location, Title Status, Tenure, No. of Bays	
Final Adjusted Value (RM per bay)	RM57,970	RM45,478

Based on the above transactions and taken into consideration time factor and number of car park bays of Subject Property 6, we placed a greater emphasis on **Comparable 1 – Pavilion Kuala Lumpur** due to both Subject Property and Comparable 1 located in busy Kuala Lumpur City area. Therefore, we have adopted **RM57,970 per car park bay** (rounded) for its normal parking bay and **RM43,478 per car park bay** (a discount of 25% from normal car park) for tandem parking bay.

RECONCILIATION OF VALUE

The value summary of Subject Property 6 from both approaches of valuation and its reconciliation are as follows: -

Income Approach (Investment Method)	RM238,700,000
Comparison Approach	RM278,700,000

Adopt: RM238,700,000

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VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTY 7 – GTOWER (Our Ref: VR/02-20/0070)

Property Type /
Interest to be Valued

Subject Property 7 is a purpose built 32-storey office building with two basements comprising eight levels of parking facilities totalling to 1,090 parking bays at Basement 1, Basement 2 and six levels of elevated carpark.

There are three levels (Level 11 to Level 13) tenanted to G City Club Hotel Sdn. Bhd. ("Hotel Tenant") who is operating it as a hotel as at the date of valuation. We were informed that it has been agreed between IGB Berhad and Hotel Tenant to terminate the hotel tenancy effective May 31, 2020. We were further informed that these three levels occupied by the Hotel Tenant will be renovated and converted into office space at the vendor's own cost, anticipating to complete by December 31, 2020. It has been confirmed to us that the vendor will sell the building to the IGB Commercial REIT with hotel portion as fully completed office space basis with all necessary approvals obtained.

We have therefore appraised Subject Property 7 on the basis that the hotel portion is converted to office with all approvals obtained with the new NLA upon conversion at 749,357 sq. ft. (about 69,617.55 sq. m.).

Date of Inspection : January 30, 2020

Address of
Subject Property 7 : GTower, No. 199, Jalan Tun Razak, 50400 Kuala Lumpur.

Location : Subject Property 7 is strategically located along Jalan Tun Razak, one of the main arterial roads within Kuala Lumpur City Centre. More precisely, Subject Property 7 is located near the intersection of Jalan Tun Razak Jalan Ampang, which is one of the busiest intersections in the city centre.

Age of Building : Approximately 10 years

Building Description : The building is generally constructed of reinforced concrete framework resting on deep piled foundation with intermediate reinforced concrete floor and concrete flat roof. The building is rectangular in shape from Basement 2 to Level 7A, thereafter split into two wings (Lobby A and Lobby B) which are connected via a central lobby on every floor, in addition to a sky bridge structure operating as a private lounge located on Level 28.

In terms of building finishes, the finishes at main lift lobby are generally made of marble slab and timber flooring, whilst other internal doors are generally of timber panel and timber fire rated type. The windows are generally of aluminium glass panels.

Existing Use of
Subject Property 7 : Office building.

Town Planning : Zoned commercial

VALUATION CERTIFICATES (Cont'd)

Certificate of Fitness : Subject Property 7 was initially issued with CFO by DBKL on August 4, 2010 which mentioned Subject Property 7 as 'service apartment'. Subsequent applications to convert the term into 'office space' has been submitted and the final inspection by Bomba is required before CCC can be issued. This final inspection has been carried out on June 30, 2020 and instruction has been given to the client to resubmit the building plans for approval.

Historical Outgoings :

Year	2017	2018	2019
Average Outgoing (RM per sq. ft. per month)	2.10	2.26	2.05*

* The historical outgoings were high due introduction of new management fee in 2019. The reanalysed rate is RM1.73 per sq. ft.

We have adopted RM1.75 per sq. ft. per month (inclusive car park expenses)

Occupancy Rate :

Year	2017	2018	2019
Average Occupancy Rate	80.00%	82.03%	78.06%

Terms of Tenancy :

As at the date of valuation, Subject Property 7 was 90.55% occupied by various tenants with gross rental rates varying between RM4.00 to RM9.60 per sq. ft. per month. As for retail lots, the gross rental is between RM3.81 to RM17.00 per sq. ft. per month. The tenancies unexpired term ranging from 0.04 years to 3.62 years with average current rental rate of RM5.76 per sq. ft. per month.

As disclosed by IGB, there are existing related party tenancies with NLA of 139,711 sq. ft. [in which about 97% of it are occupied by the Hotel Tenant.] Other than tenancies relate to the Hotel Tenant, other related party tenancy rental rates are opined to be within reasonable market range.

NLA :

768,570 sq. ft. (about 71,402.49 sq. m.) – Term NLA with hotel tenancy before its termination.

749,357 sq. ft. (about 69,617.55 sq. m.) – Reversionary NLA after termination of hotel tenancy and renovated into office. This Reversion NLA is being adopted for this valuation exercise.

Title Particulars as extracted from an official search made at the Registry of Land Titles, Wilayah Persekutuan Kuala Lumpur on February 3, 2020.

Title No. : Geran 53055, Lot 320, Section 63, Town of Bandar Kuala Lumpur, District of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur.

Tenure : Freehold

Category of Land Use : *Bangunan (Building)*

Surveyed Land Area : 7,315 sq. m. (about 78,738 sq. ft. or 1.8076 acres)

Registered Owner : GTower Sdn. Bhd.

Express Condition : Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan

VALUATION CERTIFICATES (Cont'd)

pejabat dan stesen minyak sahaja. (This land shall be used for commercial building for the purpose of offices and petrol station only).

Restriction in Interest : Not stated

Encumbrances : Charged to Public Bank Berhad vide Presa No. PDSC3945/2010 dated February 23, 2010.

Lien-Holder's Caveat lodged twice by Public Bank Berhad vide Presa. PDB16017/2005 and PDB5003/2013 dated December 6, 2005 and April 5, 2013, respectively.

VALUATION METHODOLOGY

We have used the "Income Approach" and cross-checked with the "Comparison Approach" in formulating our opinion of the individual Market Value of Subject Property 7.

Income Approach (Investment Method)

Under this method, the capital value of Subject Property 7 is derived from an estimate of the Market Rental which it can reasonably be let for. Rental evidence may be obtained from actual passing rents command by the building itself, if it is tenanted. Outgoings, such as assessment & quit rent, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalised at an appropriate capitalisation rate to arrive at its indicative capital value.

We have adopted the following rates in the computation: -

a) Office Space

Description	Adopted Rate	Remarks
Gross Rental for Term Period (Monthly per sq. ft.)	Retail: RM3.81 to RM17.00; Office: RM4.00 to RM9.60	We have adopted the current passing rent in the existing tenancies.
Gross Rental for Reversionary Period - Interruption Period (Monthly per sq. ft.)	Retail: RM3.81 to RM17.00; Office: RM4.00 to RM9.60	We have adopted rental rates similar to Reversionary Period together with a 15% discount from gross annual rental as Interruption Allowance. This allowance will only affect vacant units and any tenancies that expire within the Interruption Period.
Gross Rental for Reversionary Period (Monthly per sq. ft.)	Retail: RM3.81 to RM17.00; Office: RM4.00 to RM9.60	We have adopted existing gross rental as reversionary gross rental for occupied units and RM7.00 per sq. ft. for unoccupied/vacant units, which are supported by the asking rental of the Subject Property 7 and similar office buildings within the vicinity.

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
Operating Expenses / Outgoings Per Month	RM1.75 per sq. ft. (based on Term NLA of 768,570 sq. ft.)	<p>Operating expenses are the costs incurred in maintaining Subject Property 7 comprising staff costs, operational costs, general expenses, assessment, quit rent, insurance and maintenance cost and other miscellaneous expenses relate to the building operating costs.</p> <p>The actual historical operating costs in 2017, 2018 and 2019 were RM2.10 per sq. ft., RM2.26 per sq. ft. and RM2.05 per sq. ft. respectively. The historical operating costs for year 2017 and 2018 were high due to outgoings inclusive of internal maintenance, repair and replacement costs for hotel operation (these costs were limited to common area only after hotel tenancy renewal in 2019). Hence, we opined that the analysed outgoing rates for 2017 and 2018 did not reflect the actual picture of the building outgoings.</p> <p>As for 2019, the high operating costs were due to the introduction of new management fees (structure is based on 0.3% of Market Value and 5% of Net Property Income) and at the same time partial support cost (i.e. property management team) has been removed. Similar to Subject Property 1 to 6, we have reanalysed the operating cost of 2019 (by excluding the new management fee and reintroduce partial support cost) and concluded at RM1.73 per sq. ft. (based on Term NLA) or RM1.78 per sq. ft. (based on Reversionary NLA).</p> <p>We have, therefore, adopted the outgoing rates of RM1.75 per sq. ft. per month includes car park expenses, in which we have allowed an estimate of 15% of the car park revenue (equalling to RM0.05 per sq. ft.) as car park operating expenses as it is necessary to separate the outgoing for the carpark but the final total outgoing for the carpark and building portion will be consistent with the actual overall analysed building outgoing analysis.</p> <p>Therefore, after deducting car park operating expense, we have adopted the office operating expenses rate of RM1.70 per sq. ft., which are in line with the market average.</p>
Void	15%	<p>Void factor is an allowance for vacancy and marketing period. The potential long-term average occupancy has been considered as it will also affect the potential income generating capacity of Subject Property 7.</p> <p>The average occupancy rate for the past three years is around 80.02%. Notwithstanding that the Subject</p>

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
		Property 7 faces stiffer competition in terms of office space supply, we opined that the current occupancy rate does not reflect the potential long-term performance of Subject Property 7, given its ability to attract tenants in the past, good location within Kuala Lumpur City Centre, close proximity to KLCC along with nearby upcoming MRT network. Therefore, we have adopted a fairer long-term occupancy rate of 85% and hence 15% as void factor for Subject Property 7. Note that Void Factor for Interruption Period is calculated from annual rental after Interruption Allowance.
Term Capitalisation Rate	5.75%	Based on our findings, the net yield of office building in Kuala Lumpur City ranges from 5.44% to 5.87%. It is noted that Menara Shell, DiJaya Plaza and Wisma Amanahraya were transacted at a net yield of 5.87%, 5.61% and 5.44% respectively.
Interruption and Reversionary Capitalisation Rate	6.00%	Hence, we opine that a term capitalisation rate of 5.75% is fair and reasonable. For interruption and reversionary period, we have allowed a higher capitalisation rate of 6.00% as compared to the term capitalisation rate of 5.75% to reflect risks of future uncertainty.

b) Car Park Portion

We have adopted the following rates in the computation: -

Description	Adopted Rate	Remarks
No. of Parking Bays	1,090 bays	Located at two basement levels and six elevated levels within the building.
Average Gross Annual Revenue	RM2,983,754.12	Based on average annual car park revenue in past three years.
Operating Expenses / Outgoings	15% of the gross revenue / RM0.05 per sq. ft.	We have allocated 15% of the gross revenue as the operating expenses to maintain the car park area in term of car park system, security charges, utilities, etc. This adopted outgoing rate is considered as fair and reasonable and in line with the market rate based on our past cases and work experience.
Capitalisation Rate	6.00%	We have adopted the net yield of 6% which is in line with office portion.

From the above computation, we arrived the Market Value of car park at **RM38,779.68 per bay**.

VALUATION CERTIFICATES (Cont'd)

c) Other Income

From the past financial data provided by IGB, we noted there are other income earned by Subject Property 7 from rent and rent related income, maintenance service charge and other miscellaneous income.

The past 3 years average annual income of Subject Property 7 was RM4,991,692. No operating expense was considered as it has been reflected in the office outgoing computation. Therefore, we have capitalised the 3 years average annual income at 6.00%, which is in line with the office capitalisation rate, and arrived at RM83,194,872 as the capital value of Other Income.

Cross-Checked Method – Comparison Approach

This method is comparing Subject Property 7 with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In the selection of and making comparison to the comparable properties, due consideration is given to value-based factors and other relevant factors to arrive at our opinion of value.

a) Office Portion

Details of selected comparables are as below: -

Comparables	1	2	3
Property	Menara AIA Capsquare, Jalan Munshi Abdullah, Kuala Lumpur.	Menara Prudential, Jalan Sultan Ismail, Kuala Lumpur.	Dijaya Plaza, Jalan Tun Razak, Kuala Lumpur
Building Description	A 41-storey stratified office building with 474 car parking bays	A 32-storey office building with 217 car parking bays	A 19-storey Office Building with 322 car parking bays.
Source	Press release by The Edge Markets dated December 16, 2016 / KWAP official website	Valuation and Property Service Department (JPPII)	Bursa Securities Announcement
Tenure	Freehold	Freehold	Freehold
Building Age as at the Date of Transaction	Approximately 9 years	Approximately 11 years	Approximately 4 years
Net Lettable Area	601,796 sq. ft.	153,716 sq. ft.	156,488 sq. ft.
Vendor	UIR Malaysia Office 1 Sdn. Bhd.	OCBC Properties (M) Sdn Bhd	Tropicana Plaza Sdn Bhd
Purchaser	Kumpulan Wang Persaraan (Diperbadankan)	Setia 33 Sdn. Bhd.	Kenanga Holdings Berhad
Consideration	RM511,000,000	RM125,000,000	RM140,000,000
Transaction Date	September 8, 2016	September 22, 2016	January 28, 2016
Analysed Rate (with Car Park)	RM849.12 per sq. ft.	RM813.19 per sq. ft.	RM894.64 per sq. ft.
Adjustment Made	Time, Location, Title Status, NLA, Building Condition and Car Park.		
Final Adjusted Value (without Car Park)	RM912.99 per sq. ft.	RM694.33 per sq. ft.	RM783.84 per sq. ft.

VALUATION CERTIFICATES (Cont'd)

After final adjustment, we have arrived at a range of value between RM694 per sq. ft. to RM913 per sq. ft. Having taken all relevant factors into consideration, we placed a greater emphasis on Comparable 3 – Dijaya Plaza due to the similarity of location factor. Therefore, it is in our opinion that RM784 per sq. ft. reflects the fair and reasonable Market Value for Subject Property 7 without car park.

b) Car Park Portion

Comparables	1	2
Property	Pavilion Kuala Lumpur	Tropicana City Mall, Petaling Jaya
Location	Jalan Bukit Bintang	Jalan SS20/27, Petaling Jaya
Source	Bursa Securities Announcement	Bursa Securities Announcement
Car Park Bay	72	1,759
Consideration	RM4,896,000	RM59,366,250
Transaction Date	July 1, 2015	January 26, 2015
Vendor	Pavilion REIT	Tropicana City Sdn Bhd
Purchaser	Urustarta Cemerlang Sdn Bhd	Amtrusise Berhad (on behalf of CapitaMalls Malaysia Trust, CMMT)
Value (RM per bay)	RM68,000	RM33,750
Adjustment Made	Time, Location, Tenure, No. of Bays and Title Status	
Final Adjusted Value (RM per bay)	RM54,230	RM41,766

Based on the above transactions and taken into consideration time factor and number of car park bays of Subject Property 7, we placed a greater emphasis on Comparable 1 – Pavilion Kuala Lumpur due to both Subject Property and Comparable 1 located in busy Kuala Lumpur City area. Therefore, we have adopted RM54,230 per car park bay.

RECONCILIATION OF VALUE

The value summary of Subject Property 7 from both approaches of valuation and its reconciliation are as follows: -

Income Approach (Investment Method)	RM741,400,000
Comparison Approach	RM646,500,000

Adopt: RM741,400,000

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VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTY 8 – HAMPSHIRE PLACE OFFICE (Our Ref: VR/01-20/0072)

Property Type / Interest to be Valued	Subject Property 8 is a purpose built 28-storey office building with shared four basements within a mixed commercial development known as Hampshire Place. Hampshire Place consists two buildings, one is a 30-storey building for residential purpose and the other is Subject Property 8, a 28-storey office building commonly known as Hampshire Place Office. Both buildings share four level of basements with total 486 parking bays, in which 286 parking bays are designated and managed by Subject Property 8. The NLA of Subject Property 8 is 239,253 sq. ft. (approximately 22,227.33 sq. m.).								
Date of Inspection	: February 19, 2020								
Address of Subject Property 8	: Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.								
Location	: Subject Property 8 is situated within a mixed commercial development known as Hampshire Place, which is located at the north-western fringe of Kuala Lumpur's Golden Triangle. More precisely, Subject Property 8 is located along Jalan Mayang Sari, directly opposite Menara Asia Life and its adjoining Megan Avenue 1. Jalan Mayang Sari is connected at both ends onto Jalan Tun Razak and Jalan Ampang, hence make Subject Property 8 easily accessible from either of these two main roads, which are amongst the busiest roads in the city centre.								
Age of Building	: Approximately 9 years								
Building Description	: The building is generally constructed of reinforced concrete framework resting on deep piled foundation with intermediate reinforced concrete floor and concrete flat roof. It has four levels of split basement parking and 27 levels of office space. Total parking designated to Subject Property 8 is 286 bays. In terms of building finishes, the finishes at main lift lobby are generally made of marble slab and quality tile, whilst other internal doors are generally of timber panel and timber fire rated type. The windows are generally of aluminium glass panels.								
Existing Use of Subject Property 8	: Office building.								
Town Planning	: Zoned mixed commercial								
Certificate of Fitness	: Subject Property 8 was issued with final CFO by DBKL on February 9, 2011.								
Historical Outgoings	: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Year</th> <th style="text-align: center;">2017</th> <th style="text-align: center;">2018</th> <th style="text-align: center;">2019</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Average Outgoing (RM per sq. ft. per month)</td> <td style="text-align: center;">1.61</td> <td style="text-align: center;">1.73</td> <td style="text-align: center;">1.81</td> </tr> </tbody> </table>	Year	2017	2018	2019	Average Outgoing (RM per sq. ft. per month)	1.61	1.73	1.81
Year	2017	2018	2019						
Average Outgoing (RM per sq. ft. per month)	1.61	1.73	1.81						

We have adopted RM1.75 per sq. ft. per month (inclusive car par expenses)

VALUATION CERTIFICATES (Cont'd)

Occupancy Rate	Year	2017	2018	2019
	Average Occupancy Rate	89.67%	87.08%	67.52%*

* Occupancy rate dropped mainly due to movement by previous single tenant which occupied about 10% of the NLA.

Terms of Tenancy : As at the date of valuation, Subject Property 8 was 64.21% occupied by various tenants with gross rental rates varying between RM4.00 to RM6.80 per sq. ft. per month. As for retail lots, the gross rental is between RM5.00 to RM5.50 per sq. ft. per month. The tenancies unexpired term ranging from 0.33 years to 2.67 years with average current rental rate of RM5.51 per sq. ft. per month.

As disclosed by IGB, there is no related-party tenancy at Subject Property 8.

NLA : 239,253 sq. ft. (approximately 22,227.33 sq. m.)

Title Particulars as extracted from an official search made at the Registry of Land Titles, Wilayah Persekutuan Kuala Lumpur on March 2, 2020.

Strata Title No. : Geran 42416/M1/B4/1, Lot 157 Section 43, Town of Bandar Kuala Lumpur, District of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur.

Accessory Parcel Nos. : A109, A137 and A201 to A234

Tenure : Freehold

Category of Land Use : Bangunan (*Building*)

Surveyed Floor Area : 42,692 sq. m. (about 459,533 sq. ft.)

Registered Owner : Hampshire Properties Sdn. Bhd.

Express Condition : Tempat Letak Kereta (*Carpark*)*

Restriction in Interest : Nil

Encumbrances : Nil

Endorsement : Nil

**Note: We were given to understand that this genuine error has since been rectified and the Express Condition is now mentioned as "Pejabat" which translate as office. This rectification has been confirmed via a copy of the title search conducted on June 4, 2020 which was done by the solicitor and made available for our sighting. We have therefore disregarded this genuine error and appraise the Subject Property without complication on the title issue.*

VALUATION CERTIFICATES (Cont'd)

VALUATION METHODOLOGY

We have used the "Income Approach" and cross-checked with the "Comparison Approach" in formulating our opinion of the individual Market Value of Subject Property 8.

Income Approach (Investment Method)

Under this method, the capital value of Subject Property 8 is derived from an estimate of the Market Rental which it can reasonably be let for. Rental evidence may be obtained from actual passing rents command by the building itself, if it is tenanted. Outgoings, such as assessment & quit rent, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalised at an appropriate capitalisation rate to arrive at its indicative capital value.

We have adopted the following rates in the computation: -

a) **Office Space**

Description	Adopted Rate	Remarks
Gross Rental for Term Period (Monthly per sq. ft.)	Retail: RM5.00 to RM6.50; Office: RM4.00 to RM6.80	We have adopted the current passing rent in the existing tenancies.
Gross Rental for Reversionary Period - Interruption Period (Monthly per sq. ft.)	Retail: RM5.00 to RM6.50; Office: RM4.00 to RM6.80	We have adopted rental rates similar to Reversionary Period together with a 15% discount from gross annual rental as Interruption Allowance. This allowance will only affect vacant units and any tenancies that expire within the Interruption Period.
Gross Rental for Reversionary Period (Monthly per sq. ft.)	Retail: RM5.00 to RM6.50; Office: RM4.00 to RM6.80	We have adopted existing gross rental as reversionary gross rental for occupied units and RM6.00 per sq. ft. for unoccupied/vacant units, which are supported by the asking rental of the Subject Property 8 and similar office buildings within the vicinity.
Operating Expenses / Outgoings Per Month	RM1.75 per sq. ft.	<p>Operating expenses are the costs incurred in maintaining the Subject Property comprising staff costs, operational costs, general expenses, assessment, quit rent, insurance and maintenance cost and other miscellaneous expenses relate to the building operating costs.</p> <p>The actual historical operating costs in 2017, 2018 and 2019 were RM1.61 per sq. ft., RM1.73 per sq. ft. and RM1.81 per sq. ft. respectively.</p> <p>No new management fee scheme introduced to Subject Property 8 unlike other properties in this valuation portfolio. Therefore we have adopted the rate of RM1.75 per sq. ft. per month as total operating expenses.</p> <p>It should be noted that the above adopted rate of</p>

VALUATION CERTIFICATES (Cont'd)

Description	Adopted Rate	Remarks
		<p>RM1.75 per sq. ft. per month includes car park expenses, in which we have allowed an estimate of 15% (equalling to RM0.05 per sq. ft.) of the car park revenue as car park operating expenses as it is necessary to separate the outgoing for the carpark but the final total outgoing for the carpark and building portion will be consistent with the actual overall analysed building outgoing analysis.</p> <p>Therefore, we have adopted RM1.70 per sq. ft. for the office portion without car park, which is in line with the market average.</p>
Void	10%	<p>Void factor is an allowance for vacancy and marketing period. The potential long-term average occupancy has been considered as it will also affect the potential income generating capacity of Subject Property 8.</p> <p>The average occupancy rate for the past 3 years is around 81.42%. Although Subject Property 8 faces stiffer competition in terms of office space supply, we opined that the current occupancy rate does not reflect the potential long-term performance, given its ability to attract tenants in the past, good location within Kuala Lumpur City Centre, close proximity to KLCC along with the nearby upcoming MRT network. Therefore, we have adopted a fairer long-term occupancy rate of 90% and hence 10% as void factor for Subject Property 8.</p> <p>Note that Void Factor for Interruption Period is calculated from annual rental after Interruption Allowance.</p>
Term Capitalisation Rate	5.75%	<p>Based on our findings, the net yield of office building in Kuala Lumpur City ranges from 5.44% to 5.87%. It is noted that Menara Shell, DiJaya Plaza and Wisma Amanahraya were transacted at a net yield of 5.87%, 5.61% and 5.44% respectively.</p>
Interruption and Reversionary Capitalisation Rate	6.00%	<p>Hence, we opine that a term capitalisation rate of 5.75% is fair and reasonable. For interruption and reversionary period, we have allowed a higher capitalisation rate of 6.00% as compared to the term capitalisation rate of 5.75% to reflect risks of future uncertainty.</p>

VALUATION CERTIFICATES (Cont'd)

b) Car Park Portion

We have adopted the following rates in the computation: -

Description	Adopted Rate	Remarks
No. of Parking Bays	286 bays	All located at shared basement floors within a designated zone.
Average Gross Annual Revenue	RM885,921	Based on average annual car park revenue in past 3 years.
Operating Expenses / Outgoings	15% of the gross revenue / RM0.05 per sq. ft.	We have allocated 15% of the gross revenue as the operating expenses to maintain the car park area in term of car park system, security charges, utilities, etc. This adopted outgoing rate is considered as fair and reasonable and in line with the market rate based on our past cases and work experience.
Capitalisation Rate	6.00%	We have adopted the net yield of 6% which is in line with office portion.

From the above computation, we arrived the Market Value of car park at **RM43,883.03 per bay.**

c) Other Income

From the past financial data provided by IGB, we noted there are other income earned by Subject Property 8 from rent and rent related income, maintenance service charge and other miscellaneous income:

The past 3 years average annual income of Subject Property 8 was RM174,625. No operating expense was considered as it has been reflected in the office outgoing computation. Therefore, we have capitalised the 3 years average annual income at 6.00%, which is in line with the office capitalisation rate, and arrived at RM2,910,423 as the capital value of Other Income.

Cross-Checked Method – Comparison Approach

This method is comparing Subject Property 8 with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In the selection of and making comparison to the comparable properties, due consideration is given to value-based factors and other relevant factors to arrive at our opinion of value.

a) Office Portion

Details of selected comparables are as below: -

Comparables	1	2	3
Property	Menara AIA Capsquare, Jalan Manshi Abdullah, Kuala Lumpur.	Menara Prudential, Jalan Sultan Ismail, Kuala Lumpur.	DiJaya Plaza, Jalan Tun Razak, Kuala Lumpur
Building Description	A 41-storey stratified office building with 474 car parking bays	A 32-storey office building with 217 car parking bays	A 19-storey Office Building with 322 car parking bays.
Source	Press release by The	Valuation and Property	Bursa Securities

VALUATION CERTIFICATES (Cont'd)

Comparables	1	2	3
	Edge Markets dated December 16, 2016 / KWAP official website	Service Department (JPPH)	Announcement
Tenure	Freehold	Freehold	Freehold
Building Age as at the Date of Transaction	Approximately 9 years	Approximately 11 years	Approximately 4 years
Net Lettable Area	601,796 sq. ft.	153,716 sq. ft.	156,488 sq. ft.
Vendor	UTR Malaysia Office 1 Sdn. Bhd.	OCBC Properties (M) Sdn Bhd	Tropicana Plaza Sdn Bhd
Purchaser	Kumpulan Wang Persaraan (Diperbadankan)	Scia 33 Sdn. Bhd.	Kenanga Holdings Berhad
Consideration	RM511,000,000	RM125,000,000	RM140,000,000
Transaction Date	September 8, 2016	September 22, 2016	January 28, 2016
Analysed Rate (with Car Park)	RM849.12 per sq. ft.	RM813.19 per sq. ft.	RM894.64 per sq. ft.
Adjustment Made	Time, Location, Title Status, NLA and Car Park.		
Final Adjusted Value (without Car Park)	RM912.99 per sq. ft.	RM735.18 per sq. ft.	RM827.38 per sq. ft.

After final adjustment, we have arrived at a range of value between **RM735 per sq. ft. to RM913 per sq. ft.** Having taken all relevant factors into consideration, we placed a greater emphasis on **Comparable 3 – Dijaya Plaza** due to the similarity of location factor. Therefore, it is in our opinion that **RM827 per sq. ft.** reflects the fair and reasonable Market Value for Subject Property 8 without car park.

b) Car Park Portion

Comparables	1	2
Property	Pavilion Kuala Lumpur	Tropicana City Mall, Petaling Jaya
Location	Jalan Bukit Bintang	Jalan SS20/27, Petaling Jaya
Source	Bursa Securities Announcement	Bursa Securities Announcement
Car Park Bay	72	1,759
Consideration	RM4,896,000	RM59,366,250
Transaction Date	July 1, 2015	January 26, 2015
Vendor	Pavilion REIT	Tropicana City Sdn Bhd
Purchaser	Urusharta Comerlang Sdn Bhd	Amtrustee Berhad (on behalf of Capitanialls Malaysia Trust, CMMT)
Value (RM per bay)	RM68,000	RM33,750
Adjustment Made	Time, Location, Tenure, No. of Bays, Title Status	
Final Adjusted Value (RM per bay)	RM57,970	RM45,478

Based on the above transactions and taken into consideration time factor and number of car park bays of Subject Property 8, we placed a greater emphasis on **Comparable 1 – Pavilion Kuala Lumpur** due to both Subject Property and Comparable 1 located in busy Kuala Lumpur City area. Therefore, we have adopted **RM57,970 per car park bay (rounded)**.

VALUATION CERTIFICATES (Cont'd)

RECONCILIATION OF VALUE

The value summary of Subject Property 8 from both approaches of valuation and its reconciliation are as follows: -

Income Approach (Investment Method)	RM179,800,000
Comparison Approach	RM214,500,000

Adopt: RM179,800,000

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VALUATION CERTIFICATES (Cont'd)

SUMMARY OF MARKET VALUE AS AT MARCH 31, 2020

<u>SUBJECT PROPERTY</u>	<u>MARKET VALUE</u> (RM)
1) MENARA IGB AND IGB ANNEXE, MID VALLEY CITY	185,500,000
2) CENTREPOINT NORTH, MID VALLEY CITY	190,300,000
CENTREPOINT SOUTH, MID VALLEY CITY	186,900,000
3) NO. 25, BOULEVARD OFFICES, MID VALLEY CITY	33,300,000
NO. 27, BOULEVARD OFFICES, MID VALLEY CITY	47,200,000
4) GARDENS NORTH TOWER, MID VALLEY CITY	392,400,000
GARDENS SOUTH TOWER, MID VALLEY CITY	389,200,000
5) THE OFFICE AND RETAIL PORTIONS OF MENARA SOUTHPOINT, MID VALLEY CITY	573,300,000
6) MENARA TAN & TAN, JALAN TUN RAZAK, KUALA LUMPUR.	238,700,000
7) GTOWER, JALAN TUN RAZAK, KUALA LUMPUR.	741,400,000
8) HAMPSHIRE PLACE OFFICE, JALAN MAYANG SARI, KUALA LUMPUR.	179,800,000

Yours faithfully,

HENRY BUTCHER MALAYSIA SDN BHD


 LOW KHIE WAI

 B. (Hons) Estate Mgmt., MRISM
 Registered Valuer (V-724)


LKW/osk/jeah/wimmy

VALUATION CERTIFICATES (Cont'd)



HENRY BUTCHER MALAYSIA
International Asset Consultants

Our Ref.: VR/02-20/0068(Update) to VR/02-20/0075(Update)

IGB REIT Management Sdn. Bhd.
Level 32, The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.

Date: February 10, 2021

Dear Sirs/ Madam,

UPDATE CERTIFICATE OF VALUATION OF TEN OFFICE BUILDINGS IDENTIFIED AS FOLLOW:-

- 1) MENARA IGB AND IGB ANNEXE, NO. 1, THE BOULEVARD, MID VALLEY CITY, LINGKARAN SYED PUTRA, 59200 KUALA LUMPUR.
- 2) CENTREPOINT NORTH AND CENTREPOINT SOUTH, MID VALLEY CITY, LINGKARAN SYED PUTRA, 59200 KUALA LUMPUR.
- 3) BLOCK NO. 25 & BLOCK NO. 27, BOULEVARD OFFICES, MID VALLEY CITY, LINGKARAN SYED PUTRA, 59200 KUALA LUMPUR.
- 4) GARDENS NORTH TOWER AND GARDENS SOUTH TOWER, MID VALLEY CITY, LINGKARAN SYED PUTRA, 59200 KUALA LUMPUR.
- 5) THE OFFICE AND RETAIL PORTIONS OF MENARA SOUTHPOINT, MID VALLEY CITY, MEDAN SYED PUTRA SELATAN, 59200 KUALA LUMPUR.
- 6) MENARA TAN & TAN, NO. 207, JALAN TUN RAZAK, 50400 KUALA LUMPUR.
- 7) GTOWER, NO. 199, JALAN TUN RAZAK, 50400 KUALA LUMPUR.
- 8) HAMPSHIRE PLACE OFFICE, 157 HAMPSHIRE, NO. 1 JALAN MAYANG SARI, 50450 KUALA LUMPUR.

(COLLECTIVELY KNOWN AS "THE SUBJECT PROPERTIES")

This certificate update has been prepared in continuation on our Certificate of Valuation dated September 14, 2020 for the purpose of submission to the Securities Commission Malaysia ("SC") in conjunction with the proposed establishment and listing of IGB Commercial Real Estate Investment Trust ("IGB Commercial REIT") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed REIT Establishment and Listing").

For the purpose of this update valuation exercise, we have relied on the legal and building details as described in the respective Valuation Reports of the Subject Properties, bearing reference nos. VR/02-20/0068 to VR/02-20/0075, all dated September 14, 2020 and have updated the valuation computation under the Income Approach (Investment Method) to the Subject Properties based on the updated financial data as provided by the management of IGB Berhad. For Comparison Approach, being the cross-checked method, we have only updated the computation to Menara Southpoint due to changes in valuation components which has resulted in changes to the Net Lettable Area ("NLA") of Menara Southpoint.

HENRY BUTCHER MALAYSIA Sdn Bhd 199701001968 (160636-P)
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V0241, E0283, PM0241
V0242, F0285, PM0242
V0724, E2006, PM0724

Valuation | Real Estate Agency | Investment Advisory | International Marketing | Market Research | Development Consultancy |
Project Marketing | Asset Management | Property Management | Retail Consultancy | Auctions | Plant & Machinery | Art Consultancy

VALUATION CERTIFICATES (Cont'd)

We have adopted the same valuation approaches, i.e. Income Approach (Investment Method) and Comparison Approach, and relied on the updated Income Approach (Investment Method) computation to arrive at the respective Market Values of the Subject Properties.

The analysed rate adopted under the Comparison Approach as reported in our Valuation Report, being the cross-checked method, is still being taken as valid as at the date of this update valuation letter. However, the changes in the valuation components (being the removal of ballroom and function room at Level 8 and Level 9, as well as the inclusion of 156 parking bays), had resulted in changes to the NLA and total number of parking bays of Menara Southpoint. As such, the Market Value derived from the Comparison Approach has been revised accordingly only to Menara Southpoint.

The material date of valuation for this update valuation exercise is as at December 31, 2020.

The basis of valuation adopted is the Market Value which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Based on our Valuation Reports, there are no changes in terms of physical conditions, legal status and ownership of the Subject Properties. There is also no significant change in the market condition of office space since our last date of valuation. The changes in valuation of the Subject Properties are due to the movement of tenants resulting in updated tenancy schedules which is common, from the passage of time.

The other changes are only observed from Menara Southpoint and GTower. For Menara Southpoint, there are changes to the valuation components as a result of the changes in the acquisition decision. The change in valuation components (being the removal of ballroom and function room at Level 8 and Level 9, as well as the inclusion of 156 parking bays), had resulted in changes to the NLA and total number of parking bays of Menara Southpoint.

As for GTower, the floor layout conversion of Level 11 to Level 13 from hotel to office space has been completed. This floor space conversion has been issued with the Certificate of Completion and Compliance on 11 February 2021, which is after the date of this update valuation certificate.

Aside from the changes to the updated tenancy schedule and other changes for Menara Southpoint and GTower, there are no significant changes that have an impact on the valuations of the Subject Properties.

Since the implementation of Movement Control Order ("MCO") from March 18, 2020 to May 3, 2020, different stages of movement control order have been implemented as below:

- Conditional Movement Control Order ("CMCO") from May 4, 2020 to June 9, 2020;
- Recovery Movement Control Order ("RMCO") from June 10, 2020 to December 31, 2020;
- CMCO due to third wave of Covid-19 from October 14, 2020 to January 14, 2021 (for Klang Valley);
- MCO from January 13, 2021 to January 26, 2021, subsequently extended to February 18, 2021 in several states including Klang Valley. However, unlike the first MCO, this time most economic and businesses activities are allowed to operate with stricter standard operating procedures and safety requirements;
- A no-curfew state of emergency was declared on January 12, 2021 to curb the spread of Covid-19.

VALUATION CERTIFICATES (Cont'd)

With the introduction of Covid-19 vaccine towards the end of 2020, it finally offers hope that this pandemic will soon be under control and finally sheds light at the end of the tunnel. Although there are still concerns on the effectiveness of the vaccine and the news of mutated Covid-19 variant has not helped, the recovery process is very much on its course. All in all, the positive development of Covid-19 vaccine has helped reduce the level of market uncertainty and given hope that normal lifestyle can be resumed soon, which in turn is expected to increase the business activities for many businesses.

We have also maintained the "Interruption Period" as part of the updated Income Approach (Investment Method) computation. Due to the 9 months difference between previous date of valuation (March 31, 2020) and current update date of valuation (December 31, 2020), we have adjusted the Interruption Period accordingly from 24 months to 15 months, which is effective from December 31, 2020 to March 31, 2022, with the end date being consistent with our initial valuation. The interruption allowance of 15% is maintained and applicable to vacant units and any units with tenancy expiring within this interruption period.

The followings have remained unchanged for the purpose of this update valuation:

- Reversionary rental rate
- Capitalisation rate
- Void factor
- Adoption of average annual income in arriving at the value for "Other Income"
- Comparison approach as shown in the Valuation Reports are still being taken as valid, where the analysed rate is maintained and only significant changes in valuation components (i.e. Menara Southpoint) will result in changes in the Market Value.

Brief details of Income Approach (Investment Method) update summary of the Subject Properties are presented in each section below.

VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTY 1 – MENARA IGB AND IGB ANNEXE (Our Ref: VR/02-20/0068)

Update of Master Titles Status	<p>Subject Property 1 is erected atop of a podium block sited on master titles comprising two adjoining lots (Pajakan Negeri 37075 Lot 80 and Pajakan Negeri 52479 Lot 20004) as part of Phase 1 overall development of Mid Valley City.</p> <p>We were given to understand that the approval for the amalgamation of Lot 80 and Lot 20004 has been obtained and Mid Valley City Sdn. Bhd. ("Registered Owner") had paid the premium for the said amalgamation on December 17, 2020. The new land title for the amalgamated land will have the Express Condition of "This land shall only be used for commercial building for the purposes of office building, hotel, shopping centre, shop lot and car park. <i>"(Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan menara pejabat, hotel, pusat membeli-belah, kedai pejabat dan tempat letak kereta sahaja.)"</i>, and as at the date of this update valuation exercise, the new land title is pending issuance from the relevant authority.</p> <p>The land amalgamation is part of the process of applying for individual block strata title, and this development has no impact on this update valuation exercise as it has been mentioned in the Valuation Report that we appraised Subject Property 1 without individual block strata title being issued to the Subject Property 1.</p>
Land Leasehold Tenure	Land leasehold tenure has reduced by 9 months since our initial valuation as at March 31, 2020.
NLA	NLA remains unchanged at 251,993 square feet ("sq. ft.").
Term Period	We have updated term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The updated average rental rate is RM5.22 per sq. ft. per month (previously RM4.85 per sq. ft. per month).
Occupancy Rate	Based on the Tenancy Schedule as at December 31, 2020, the occupancy rate has decreased slightly from 69.90% to 68.75% due to non-renewal of a tenant.
Remark	<p>The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM188,900,000. Based on our analysis, the notable reasons for the slight increase in the market value are:</p> <ol style="list-style-type: none"> 1) Several tenants have renewed their tenancies, as such that their tenancies will expire after the Interruption Period, resulting in lesser interruption allowance allocated in the calculation. 2) Several tenants have renewed their tenancies at a higher rental rate than previous rental rate.

VALUATION CERTIFICATES (Cont'd)

	There is no change to the Market Value derived from the Comparison Approach.
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RECONCILIATION OF VALUE

The market value summary of Subject Property 1 from both approaches of valuation and its reconciliation are as follows: -

Income Approach (Investment Method)	RM188,900,000
Comparison Approach	RM218,200,000

Adopt: RM188,900,000

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VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTIES 2 – CENTREPOINT NORTH & CENTREPOINT SOUTH (Our Ref: VR/G2-20/0069)

<u>Centerpoint North</u>	
Update of Master Titles Status	Similar status as explained to Subject Property 1 in regards to the approved land amalgamation, which has no impact on this update valuation exercise.
Land Leasehold Tenure	Land leasehold tenure is shortened by 9 months since our initial valuation as at March 31, 2020.
NLA	NLA remains unchanged at 232,051 sq. ft..
Term Period	We have updated term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The revised average rental rate is RM6.05 per sq. ft. per month (previously RM5.97 per sq. ft. per month).
Occupancy Rate	Based on the Tenancy Schedule as at December 31, 2020, the occupancy rate has increased slightly from 88.76% to 89.76% due to increase of new tenancies.
Remark	<p>The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM196,500,000. Based on our update calculation, the notable reasons for the increase in the market value are:</p> <ol style="list-style-type: none"> 1) Several tenants have renewed their tenancies, as such that their tenancies will expire after the Interruption Period, resulting in lesser interruption allowance allocated in the calculation. 2) Several tenants have renewed their tenancies at a higher rental rate than previous rental rate. <p>There is no change to the Market Value derived from the Comparison Approach.</p>

VALUATION CERTIFICATES (Cont'd)

<u>Centrepoint South</u>	
Update of Master Titles Status	Similar status as explained to Subject Property 1 in regards to the approved land amalgamation, which has no impact on this update valuation exercise.
Land Leasehold Tenure	Land leasehold tenure is shortened by 9 months since our initial valuation as at March 31, 2020.
NLA	NLA revised from 231,979 sq. ft. previously to 232,237 sq. ft. as tabulated in the updated tenancy schedule as at December 31, 2020.
Term Period	We have revised term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The revised average rental rate is RM6.06 per sq. ft. per month (previously RM5.99 per sq. ft. per month).
Occupancy Rate	Based on the Tenancy Schedule as at December 31, 2020, the occupancy rate has decreased by 6.38% from 90.20% to 83.82% due to non-renewal and early termination of tenancies.
Remark	<p>The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM190,500,000. Based on our update calculation, the notable reasons to the increase in the market value are: -</p> <ol style="list-style-type: none"> 1) Several tenants have renewed their tenancies, as such that their tenancies will expire after the Interruption Period, resulting in lesser interruption allowance allocated in the calculation. 2) Several tenants have commenced or renewed their tenancies at a higher rental rate than previous rental rate. <p>There is no change to the Market Value derived from the Comparison Approach.</p>

RECONCILIATION OF VALUE

The value summary of Subject Properties 2 from both approaches of valuation and its reconciliation are as follows: -

Centrepoint North: -

Income Approach (Investment Method)	RM196,500,000
Comparison Approach	RM219,900,000

Adopt: RM196,500,000

Centrepoint South: -

Income Approach (Investment Method)	RM190,500,000
Comparison Approach	RM219,800,000

Adopt: RM190,500,000

VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTIES 3 - BLOCK NO. 25 & BLOCK NO. 27, BOULEVARD OFFICE
 (Our Ref: VR/02-20/0075)

Block No. 25	
Update of Master Titles Status	Similar status as explained to Subject Property 1 in regards to the approved land amalgamation, which has no impact on this update valuation exercise.
Land Leasehold Tenure	Land leasehold tenure is shortened by 9 months since our initial valuation as at March 31, 2020.
NLA	NLA remains unchanged at 21,448 sq. ft.
Term Period	We have updated term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The average rental rate remains at RM7.76 per sq. ft. per month.
Occupancy Rate	Based on the Tenancy Schedule as at December 31, 2020, the combined occupancy rate (together with Block No. 27) has decreased from 92.74% to 88.28% due to non-renewals and downsizing of tenancies at Block 27.
Remark	The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM33,300,000 . There is no change to the Market Value derived from the Comparison Approach.

Block No. 27	
Update of Master Titles Status	Similar status as explained to Subject Property 1 in regards to the approved land amalgamation, which has no impact on this update valuation exercise.
Land Leasehold Tenure	Land leasehold tenure is shortened by 9 months since our initial valuation as at March 31, 2020.
NLA	NLA revised from 32,732 sq. ft. previously to 32,267 sq. ft. as tabulated in the tenancy schedule as at December 31, 2020.
Term Period	We have updated term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The revised average rental rate is RM6.14 per sq. ft. per month (previously RM6.65 per sq. ft. per month).
Occupancy Rate	Based on the Tenancy Schedule as at December 31, 2020, the combined occupancy rate (together with Block No. 25) has decreased from 92.74% to 88.28% due to non-renewals and downsizing of tenancies at Block 27.

VALUATION CERTIFICATES (Cont'd)

Remark	<p>The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM44,700,000. Analysed from our update calculation, the notable reasons for the decrease in the market value are: -</p> <ol style="list-style-type: none"> 1) Several tenants have renewed or commenced their tenancies at a lower rental rate than previous rental rate. 2) NLA adjustment on the retail unit at Block 27 with a total area of 465sq. ft. due to reconfiguration of units after downsizing of the tenant. <p>There is no change to the Market Value derived from the Comparison Approach.</p>
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RECONCILIATION OF VALUE

The value summary of Subject Properties 3 from both approaches of valuation and its reconciliation are as follows: -

Block No. 25: -

Income Approach (Investment Method)	RM33,300,000
Comparison Approach	RM27,300,000

Adopt: RM33,300,000

Block No. 27: -

Income Approach (Investment Method)	RM44,700,000
Comparison Approach	RM46,100,000

Adopt: RM44,700,000

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VALUATION CERTIFICATES (Cont'd)

**SUBJECT PROPERTIES 4 – GARDENS NORTH TOWER & GARDENS SOUTH TOWER
(Our Ref: VI/02-20/0071)**

<u>Gardens North Tower</u>	
Land Leasehold Tenure	Land leasehold tenure is shortened by 9 months since our initial valuation as at March 31, 2020.
NLA	NLA has been revised from 425,634 sq. ft. to 425,612 sq. ft. based on the updated tenancy schedule as at December 31, 2020.
Term Period	We have updated term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The revised average rental rate is RM6.83 per sq. ft. per month (previously RM7.05 per sq. ft. per month).
Occupancy Rate	Based on the Tenancy Schedule as at December 31, 2020, the occupancy rate has increased from 72.37% to 75.38% due to increase of new tenancies.
Remark	<p>The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM382,100,000. Analysed from our update calculation, the notable reasons for the decrease in the market value are:-</p> <ol style="list-style-type: none"> 1) Several tenants have terminated their tenancies which had higher rental rate than the adopted reversionary rental rate. 2) Several tenants which had more than 1 year remaining tenancies previously, had terminated their tenancy prematurely and therefore resulting in more interruption allowance allocated in the calculation. <p>There is no change to the Market Value derived from the Comparison Approach.</p>

<u>Gardens South Tower</u>	
Land Leasehold Tenure	Land leasehold tenure is shortened by 9 months since our initial valuation as at March 31, 2020.
NLA	NLA has been updated from 421,295 sq. ft. to 422,381 sq. ft. based on the updated tenancy schedule as at December 31, 2020.
Term Period	We have revised term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The revised average rental rate is RM7.01 per sq. ft. per month (previously RM6.99 per sq. ft. per month).
Occupancy Rate	Relying on the Tenancy Schedule as at December 31, 2020, the occupancy rate has decreased from 91.02% to 83.93%, mainly contributed by one particular tenant who has relocated from Gardens

VALUATION CERTIFICATES (Cont'd)

South Tower to Gardens North Tower.	
Remark	<p>The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM391,500,000. Analysed from our update calculation, notable reasons to the increase in the market value are: -</p> <ol style="list-style-type: none"> 1) Several tenants have renewed their tenancies, as such that their tenancies will expire after the Interruption Period, resulting in lesser interruption allowance allocated in the calculation. 2) A tenant occupying a larger NLA, which had lower rental rate than the adopted reversionary rental rate, had terminated its tenancies. <p>There is no change to the Market Value derived from the Comparison Approach.</p>

RECONCILIATION OF VALUE

The value summary of Subject Property 4 from both approaches of valuation and its reconciliation are as follows: -

Gardens North: -

Income Approach (Investment Method)	RM382,100,000
Comparison Approach	RM391,100,000

Adopt: RM382,100,000

Gardens South: -

Income Approach (Investment Method)	RM391,500,000
Comparison Approach	RM387,100,000

Adopt: RM391,500,000

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VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTY 5 – THE OFFICE AND RETAIL PORTIONS OF MENARA SOUTHPOINT (Our Ref: VR/02-20/0074)

As at the date of this update valuation, there are no physical changes to Menara Southpoint and the building compositions consisting of office portion, retail portion and service apartment are still the same.

Due to changes in acquisition decision by IGB REIT Management Sdn. Bhd., the valuation components of Subject Property 5 have now been updated as below: -

- 1) To exclude ballroom and function rooms (Level 8 and Level 9) with total NLA of 48,815 sq. ft. from Subject Property 5.
- 2) To include Level 1 and Level 2 (elevated car park) consisting 156 car parking bays.

As a result, the changes to Subject Property 5 for this update valuation as at December 31, 2020 are as shown below: -

Components	As at March 31, 2020	As at December 31, 2020	Remarks
Office	27 stories with NLA of 489,885 sq. ft.	27 stories with NLA of 490,185 sq. ft.	NLA adjustment based on the updated tenancy schedule as at December 31, 2020
Ballroom and function room	2 stories with NLA of 48,815 sq. ft.	-	Excluded from the acquisition exercise and removed from valuation computation.
Retail	2 stories with NLA of 25,316 sq. ft.		Unchanged
Car park	4 levels of basement and lower ground floor with 1,159 parking bays	4 levels of basement and lower ground floor together with two levels of elevated parking (Level 1 and Level 2) with combined total of 1,315 parking bays.	Inclusion of Level 1 and Level 2 elevated parking consisting of 156 parking bays into the acquisition exercise. Hence total number of parking bays have increased from 1,159 parking bays previously to 1,315 parking bays for this update valuation.
Adopted NLA	564,016 sq. ft. inclusive of ballroom and function room	515,501 sq. ft.	Adopted NLA of 515,501 sq. ft. after exclusion of ballroom and function rooms (Level 8 and Level 9) as well as adjustment based on the updated tenancy schedule

VALUATION CERTIFICATES (Cont'd)

Further details of this update valuation for Subject Property 5 are as follow: -

Update of Titles Status	<p>We were informed that the approval to extend Subject Property 5 land lease tenure from 83 years to 99 years has been obtained on July 16, 2020 with the premium being paid on August 5, 2020. As at the date of this update valuation exercise, we were given to understand that the new title is still pending issuance.</p> <p>This development has no impact on this update valuation exercise as we appraised Subject Property 5 based on 99 years lease tenure, as set out in the Valuation Report of Subject Property 5.</p>
Term Period	<p>We have revised term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The revised average rental rate is RM6.78 per sq. ft. per month (previously RM6.67 per sq. ft. per month).</p>
Occupancy Rate	<p>Based on the Tenancy Schedule as at December 31, 2020, the occupancy rate has increased from 43.99% to 59.26% due to increase of new tenancies.</p>
Remark	<p>The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM573,500,000. From our analysis, notable reasons for the slight increase in the market value are mainly due to net effect of removal of ballroom and function rooms (Level 8 and Level 9) and addition of number of carpark and new tenancies, which has led to less units being affected by the interruption period.</p> <p>The analysed rate adopted under the Comparison Approach as reported in our Valuation Report, is still being taken as valid as at the date of this update valuation letter. However, the changes in the valuation components (being the removal of ballroom and function room at Level 8 and Level 9, as well as the inclusion of 156 parking bays), had resulted in changes to the NLA and total number of parking bays of Subject Property 5. As such, the Market Value derived from the Comparison Approach is revised to RM616,100,000 for this update exercise.</p>

RECONCILIATION OF VALUE

The value summary of Subject Property 5 from both approaches of valuation and its reconciliation are as follows: -

Income Approach (Investment Method)	RM573,500,000
Comparison Approach	RM616,100,000

Adopt: RM573,500,000

VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTY 6 – MENARA TAN & TAN (Our Ref: VR/02-20/0073)

Update of Title Status	<p>We understand that the vendor has made an application to Pejabat Tanah dan Galian Wilayah Persekutuan (“PTGKI”) to impose and endorse (i) the category of land use as “Bangunan (Building)”; and (ii) the express condition as “Tanah ini hendaklah digunakan untuk bangunan perdagangan sahaja (This land is to be used for commercial building only)” on the title of Subject Property 6.</p> <p>Subsequently, we were informed that a new title to Subject Property 6 has been issued by PTGKI with the imposition and endorsement of (i) the category of land use “Building (<i>Bangunan</i>)”; and (ii) the express condition “This land is to be used for commercial building only (<i>Tanah ini hendaklah digunakan untuk bangunan perdagangan sahaja</i>)” on Subject Property 6 new land title.</p> <p>This development has no impact on this update valuation exercise as the category of land use on which the land of Subject Property 6 is erected on, has been appraised as a commercial category land, as set out in the Valuation Report of Subject Property 6.</p>
NLA	NLA remains unchanged at 339,385 sq. ft.
Term Period	We have revised term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The revised average rental rate is RM5.33 per sq. ft. per month (previously RM5.31 per sq. ft. per month).
Occupancy Rate	Based on the Tenancy Schedule as at December 31, 2020, the occupancy rate has decreased from 75.36% to 69.91% due to non-renewals and early termination of tenancies.
Remark	<p>The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM239,100,000. Based on our analysis, the notable reasons for the slight increase in the market value are: -</p> <ol style="list-style-type: none"> 1) Expiry of tenancies which had lower rental rate than the adopted reversionary rental rate. 2) Several tenants have renewed their tenancies, as such that their tenancies will expire after the Interruption Period, resulting in lesser interruption allowance allocated in the calculation. <p>There is no change to the Market Value derived from Comparison Approach.</p>

VALUATION CERTIFICATES (Cont'd)

RECONCILIATION OF VALUE

The value summary of Subject Property 6 from both approaches of valuation and its reconciliation are as follows: -

Income Approach (Investment Method)	RM239,100,000
Comparison Approach	RM278,700,000

Adopt: RM239,100,000

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VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTY 7 – G TOWER (Our Ref: VR/02-20/0070)

NLA	<p>It was mentioned in our Valuation Report on the early tenancy termination of G City Club Hotel Sdn. Bhd. ("Hotel Tenant") and the subsequent floor layout conversion of previous occupied floors at Level 11 to Level 13 from hotel layout into office space. We were given to understand there are changes in terms of total NLA to these floors, upon finalization of the renovation plan, as presented below: -</p> <table border="1" data-bbox="491 663 1300 936"> <thead> <tr> <th data-bbox="496 663 644 779">Floor Level</th> <th data-bbox="644 663 970 779">NLA as at March 31, 2020 (Sq. Ft.)</th> <th data-bbox="970 663 1300 779">NLA in Update Valuation as at December 31, 2020 (Sq. Ft.)</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 779 644 815">Level 11</td> <td data-bbox="644 779 970 815">32,000</td> <td data-bbox="970 779 1300 815">32,300</td> </tr> <tr> <td data-bbox="496 815 644 851">Level 12</td> <td data-bbox="644 815 970 851">32,000</td> <td data-bbox="970 815 1300 851">30,365</td> </tr> <tr> <td data-bbox="496 851 644 887">Level 13</td> <td data-bbox="644 851 970 887">32,000</td> <td data-bbox="970 851 1300 887">30,365</td> </tr> <tr> <td data-bbox="496 887 644 936">Total</td> <td data-bbox="644 887 970 936">96,000</td> <td data-bbox="970 887 1300 936">93,030</td> </tr> </tbody> </table> <p>As a result, the total NLA of Subject Property 7 after the abovementioned renovation is completed will be 746,194 sq. ft. instead of 749,357* sq. ft. as presented in the Valuation Report. The renovation of these three floors was completed at the end of January 2021 and the Certificate of Completion and Compliance has been issued on 11 February 2021, which is after the date of this update valuation certificate.</p> <p>We have adopted the revised NLA of 746,194 sq. ft. for the purpose of this update valuation computation.</p> <p><i>*Further reduction of 193 sq. ft. is due to the updated tenancy schedule as at December 31, 2020.</i></p>	Floor Level	NLA as at March 31, 2020 (Sq. Ft.)	NLA in Update Valuation as at December 31, 2020 (Sq. Ft.)	Level 11	32,000	32,300	Level 12	32,000	30,365	Level 13	32,000	30,365	Total	96,000	93,030
Floor Level	NLA as at March 31, 2020 (Sq. Ft.)	NLA in Update Valuation as at December 31, 2020 (Sq. Ft.)														
Level 11	32,000	32,300														
Level 12	32,000	30,365														
Level 13	32,000	30,365														
Total	96,000	93,030														
Term Period	<p>We have updated term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The revised average rental rate is RM6.53 per sq. ft. per month (previously RM5.76 per sq. ft. per month).</p>															
Occupancy Rate	<p>The occupancy rate stated in our initial Valuation Report was 90.55% which included hotel tenancy, which was still valid at that material time and was based on the total NLA of 768,570 sq. ft. inclusive of hotel occupied floor area.</p> <p>As the hotel tenancy has been terminated, Level 11 to Level 13 were under renovation process and not available for renting out as at the date of valuation of this update exercise, we have therefore removed these floor areas (totalling to 93,030 sq. ft.) from occupancy rate analysis.</p>															

VALUATION CERTIFICATES (Cont'd)

	Based on the Tenancy Schedule as at December 31, 2020, and based on the NLA of 653,164 sq. ft. (746,194 sq. ft. less 93,030 sq. ft.), the analysed occupancy rate is 77.19% due to non-renewals and early termination of tenancies.
Remark	<p>The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM739,800,000. Based on our analysis, the notable reasons for the decrease in the market value are: -</p> <ol style="list-style-type: none"> 1) Reduction in NLA due to adjustment for Level 11 to Level 13 previously occupied by the Hotel Tenant. 2) Non-renewal and early termination of tenancies (other than Hotel Tenant) with higher rental rate than the adopted reversionary rental rate. <p>There is no change to the Market Value derived from Comparison Approach as the analysed rate adopted remains unchanged. Since the difference in the revised NLA of the Subject Property 7 is negligible, the Market Value derived from Comparison Approach is therefore maintained.</p>

RECONCILIATION OF VALUE

The value summary of Subject Property 7 from both approaches of valuation and its reconciliation are as follows: -

Income Approach (Investment Method)	RM739,800,000
Comparison Approach	RM646,500,000

Adopt: RM739,800,000

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VALUATION CERTIFICATES (Cont'd)

SUBJECT PROPERTY 8 – HAMPSHIRE PLACE OFFICE (Our Ref. VR/02-20/0072)

NLA	NLA remains unchanged at 239,253 sq. ft.
Term Period	We have updated term rental rates to reflect the details extracted from Tenancy Schedule as at December 31, 2020. We noted that there are no significant changes in the tenancies aside from normal tenancies movement. The revised average rental rate is RM5.49 per sq. ft. per month (previously RM5.51 per sq. ft. per month).
Occupancy Rate	Based on the Tenancy Schedule as at December 31, 2020, the occupancy rate has decreased from 64.21% to 62.15% due to non-renewals and early termination of tenancies.
Remark	The market value derived from Income Approach (Investment Method) for this update valuation as at December 31, 2020, is RM180,600,000. Based on our analysis, the increase in the market value was mainly due to several tenants occupying NLA of 35,226 sq. ft. have renewed their tenancies, as such that their tenancies will expire after the Interruption Period, resulting in lesser interruption allowance allocated in the calculation. There is no change to the Market Value derived from Comparison Approach.

RECONCILIATION OF VALUE

The value summary of Subject Property 8 from both approaches of valuation and its reconciliation are as follows: -

Income Approach (Investment Method)	RM180,600,000
Comparison Approach	RM214,500,000

Adopt: RM180,600,000

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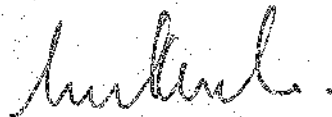
VALUATION CERTIFICATES (Cont'd)

SUMMARY OF MARKET VALUE AS AT DECEMBER 31, 2020

<u>SUBJECT PROPERTY</u>	<u>MARKET VALUE (RM)</u>
1) MENARA IGB AND IGB ANNEXE, MID VALLEY CITY	188,900,000
2) CENTREPOINT NORTH, MID VALLEY CITY	196,500,000
CENTREPOINT SOUTH, MID VALLEY CITY	190,500,000
3) NO. 25, BOULEVARD OFFICES, MID VALLEY CITY	33,300,000
NO. 27, BOULEVARD OFFICES, MID VALLEY CITY	44,700,000
4) GARDENS NORTH TOWER, MID VALLEY CITY	382,100,000
GARDENS SOUTH TOWER, MID VALLEY CITY	391,500,000
5) THE OFFICE AND RETAIL PORTIONS OF MENARA SOUTHPOINT, MID VALLEY CITY	573,500,000
6) MENARA TAN & TAN, JALAN TUN RAZAK, KUALA LUMPUR.	239,100,000
7) GTOWER, JALAN TUN RAZAK, KUALA LUMPUR.	739,800,000
8) HAMPSHIRE PLACE OFFICE, JALAN MAYANG SARI, KUALA LUMPUR.	180,600,000

Yours faithfully,

HENRY BUTCHER MALAYSIA SDN BHD



LOW KHIE WAH
B. (Hons) Estate Mgmt., MRJSM
Registered Valuer (V-724)



LKW/osk/jeah/wimmy