

IGB REIT Capital Sdn Bhd

Proposed Issuance of Second Tranche of Medium Term Notes (“**Second Tranche MTNs**”) to refinance the Issuer’s Outstanding First Tranche MTNs of RM1.2 Billion in Nominal Value on the Expected Maturity Date of such MTNs under the Medium Term Note programme of up to RM5.0 Billion in Nominal Value (“MTN Programme”) established by IGB REIT Capital Sdn Bhd

Principal Terms and Conditions for Second Tranche MTNs

The information set out in this Principal Terms and Conditions is the specific terms of the Second Tranche MTNs. It must be read together with the Principal Terms and Conditions of the MTN Programme lodged with the Securities Commission Malaysia on 18 August 2017 in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, which is made available on BNM’s Fully Automated System for Issuing/Tendering (FAST) (“Lodged PTC”). Unless stated otherwise, all terms used in this Principal Terms and Conditions shall have the same meaning as appearing in the Lodged PTC.

Parties to the transaction

Issuer	:	IGB REIT Capital Sdn Bhd
Principal Adviser and Lead Arranger	:	Hong Leong Investment Bank Berhad (“HLIB”)
Joint Lead Managers for Second Tranche MTNs	:	CIMB Investment Bank Berhad and HLIB
Solicitors acting for the Principal Adviser, Lead Arranger and the Joint Lead Managers for Second Tranche MTNs	:	Albar & Partners
Credit Rating Agency	:	RAM Rating Services Berhad
Facility Agent	:	HLIB
Bond Trustee	:	Malaysian Trustees Berhad
Security Trustee	:	Malaysian Trustees Berhad
REIT Manager	:	IGB REIT Management Sdn Bhd (acting in its capacity as manager of IGB Real Estate Investment Trust)
REIT Trustee	:	MTrustee Berhad (acting in its capacity as trustee of IGB Real Estate Investment Trust)
Valuer	:	Henry Butcher Malaysia Sdn Bhd

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Principal Terms and Conditions for the Second Tranche MTNs

Name of facility/
programme : Medium term notes (“**MTNs**”) Programme (“**MTN Programme**”) of up to RM5.0 billion in nominal value.

Utilisation of
Proceeds : The proceeds from the Second Tranche MTNs will be utilised to refinance the existing First Tranche MTNs on the Expected Maturity Date of such MTNs.

Expected Issue
Size of the
Second Tranche
MTNs : RM1.2 billion in nominal value

Tenure of the
Second Tranche
MTNs : The Second Tranche MTNs shall have an Expected Maturity of five (5) years and Legal Maturity of seven years and 6 months (7.5 years) from Issue Date of the Second Tranche MTNs.

Credit Rating for
the Second
Tranche MTNs :

Credit Rating Agency	Credit Rating	Final/ Indicative	Partial	Amount rated (RM’)
RAM Rating Services Berhad	AAA	Indicative rating	No	1,200,000,000.00

Selling Restrictions for
the Second
Tranche MTNs : The Second Tranche MTNs shall not be offered or sold, directly or indirectly, nor any document or other material in connection therewith be distributed in Malaysia or anywhere else, other than to persons who fall within the following categories:-

Selling restrictions at issuance

- Part I of Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act, 2007 as amended and/or substituted from time to time (“**CMSA**”);
- Part I of Schedule 7 or Section 230(1)(b) of the CMSA;
- read together with Schedule 9 or Section 257(3) of the CMSA; and
- Section 2(6) of the Companies Act 2016 (as may be replaced, substituted, amended or revised from time to time) (“**CA**”).

Selling restrictions thereafter

- Part I of Schedule 6 or Section 229(1)(b) of the CMSA;

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- read together with Schedule 9 or Section 257(3) of the CMSA; and
- Section 2(6) of the CA

Specific Security : **Specific Security for the Second Tranche MTNs**

for the Second Tranche MTNs The Second Tranche MTNs shall be secured by the following Specific Security:-

- (i) a third party legal assignment of the REIT Trustee's present and future rights, titles, interest and benefits in the Mid Valley Megamall ("**Property**") and under the sale and purchase agreements relating to the Property ("**Assignment of SPA**").

Upon completion of subdivision of master title into strata title, and issuance of a separate issue document of title for the Property ("**MVM Land Title**"), a third party first legal charge be created on the MVM Land Title ("**Land Charge**"):-

- (a) If no state authority consent is required for the transfer in favour of the REIT Trustee and/or the charge in favour of the Security Trustee, within thirty (30) business days (or such extended time as may be mutually agreed between the REIT Trustee and the Security Trustee) from the date of receipt of notification of such issuance of MVM Land Title by the REIT Trustee; or
 - (b) if state authority consent is required for the transfer in favour of the REIT Trustee and/or the charge in favour of the Security Trustee, within thirty (30) business days (or such extended time as may be mutually agreed between the REIT Trustee and the Security Trustee) from the date the REIT Trustee receives the state authority consent, provided that the REIT Trustee shall, within thirty (30) business days (or such extended time as may be mutually agreed between the REIT Trustee and the Security Trustee) from the date of receipt of notification of such issuance of MVM Land Title by the REIT Trustee, apply to the state authority for such consent;
- (ii) a third party legal assignment over all the REIT Trustee's rights, titles, interest and benefits in and under the proceeds deriving from or in connection with the tenancy/lease agreements in relation to the Property ("**Assignment of Proceeds**");
 - (iii) a third party legal assignment of the REIT Trustee's present and future rights, titles, interest and benefits in and under all insurance policies (inclusive of consequential loss policy, if any) required to be taken up by the REIT Trustee for the Property and the

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proceeds thereof in relation to the Property and endorsement of the Security Trustee as co-insured and/or loss payee of such applicable insurance policy ("**Insurance Assignment**");

- (iv) a third party first ranking legal assignment and charge over the Relevant Accounts of the Second Tranche MTNs ("**Assignment and Charge of Relevant Accounts**");
- (v) a first party first ranking legal assignment and charge over the DSRA of the Second Tranche MTNs ("**Assignment and Charge of DSRA**");
- (vi) an irrevocable power of attorney to be granted by the REIT Trustee in favour of the Security Trustee to manage and dispose the Property upon expiry of the Remedy Period ("**Power of Attorney**");
- (vii) a letter of undertaking ("**Letter of Undertaking**") from the REIT Trustee and REIT Manager to:-
 - (a) deposit all rental income (including deposits)/ applicable insurance claim proceeds/ cashflows generated from the Property/ other income of the Property into the Revenue Account of the Second Tranche MTNs; and
 - (b) not permit for monies standing to the credit of the Revenue Account of the Second Tranche MTNs to be utilised towards any distributions to the unitholders if:-
 - (1) an Event of Default and/or a Trigger Event under the relevant Tranche has occurred and is continuing or will occur as a result of such distribution; or
 - (2) the Financial Covenants are not met;
- (viii) a first party legal assignment over the relevant REIT Trustee Financing Agreement ("**Assignment of REIT Trustee Financing Agreement**"); and
- (ix) any other security arrangement as may be deemed necessary by the Lead Arranger and/or the Solicitors.

Financial Covenants : **Financial covenants for the Second Tranche MTNs**

- (i) The Issuer shall maintain ISCR of not less than 2.0 times for the

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Property;

The ISCR for Property shall be calculated on the Calculation Date based on:-

- (a) the following formula; and
- (b) the audited financial statement of IGB REIT,

and be certified by a director of the REIT Manager and be submitted to the Bond Trustee and the Rating Agency within thirty (30) days after the issuance of the audited financial statement of IGB REIT:-

$$ISCR \text{ for Property} = \frac{\text{Net Property Income of the Property}}{\text{Coupon Payments in relation to the Property}}$$

Where,

“**Net Property Income of the Property**” = gross rental income and other operating income earned or derived from the Property less all expenses and outgoings incurred to manage or maintain the Property

“**Coupon Payments in relation to the Property**” = Coupon paid under the Second Tranche MTNs and/or Subsequent Tranche MTNs which are secured by the Property (if any)

But excludes any double counting which might otherwise be included as a result of definition;

- (ii) The Issuer shall maintain security cover ratio (“**SCR**”) of not more than 60%;

The SCR shall be calculated on the Calculation Date or any other intervals as reasonably requested by the Bond Trustee and based on the following formula:-

$$SCR = \frac{X}{Y} \times 100\%$$

Where,

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“**X**” = total indebtedness secured by Property (including additional indebtedness arising from the proposed issuance, if any and excluding the existing indebtedness secured by Property which is to be refinanced);

“**Y**” = the then prevailing market value of the Property based on the latest valuation report prepared in accordance with the terms and conditions as set out in the Transaction Documents;

The SCR shall be certified by a director of the REIT Manager and be submitted to the Bond Trustee and the Rating Agency within thirty (30) days after the issuance of the audited financial statement of IGB REIT.

- (iii) The Issuer shall ensure the total amount raised from the MTN Programme and/or any other financing facilities shall not exceed 50% of the total asset value of IGB REIT but always subject to the conditions on borrowing in accordance with the REIT Guidelines. The total asset value shall be determined based on the latest Valuation.

Conditions precedent : 1. **Conditions precedent for the Second Tranche MTNs**

The conditions precedent relevant for issuance of the Second Tranche MTNs under the MTN Programme of this nature as advised by the Solicitors, to the satisfaction of the Lead Arranger, which shall include but not limited to the following:-

Issuer:

- (i) receipt of certified true copies of the Issuer’s certificate of incorporation, constitution and, where applicable, such forms as prescribed by Sections 78, 46(3) and 58 of the CA;
- (ii) receipt of certified true copies of the board resolution of the Issuer authorising, amongst others, the issuance of MTNs thereunder, and the entry into and execution of the relevant Transaction Documents to which it is a party and the specimen signatures of its authorised signatories;
- (iii) receipt of the company search report on the Issuer conducted at

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the Companies Commission of Malaysia (“**CCM**”) which revealed that, apart from the securities created to secure the First Tranche MTNs, there are no other encumbrances which would adversely affect the securities envisaged under the Issue Documents;

- (iv) receipt of a winding-up search report on the Issuer from the Director General of Insolvency’s office confirming that the Issuer has not been wound up or the relevant statutory declaration from a director of the Issuer;

REIT Trustee:

- (i) receipt of certified true copies of the board resolution of the REIT Trustee authorising, the entry into and execution of the relevant Transaction Documents to which it is a party and the specimen signatures of its authorised signatories;
- (ii) receipt of certified true copies of the REIT Trustee’s certificate of incorporation, memorandum and articles of association or constitution, as the case may be, latest Forms 24, 44 and 49 as prescribed by the Companies Act, 1965 and, where applicable, such forms as prescribed by Sections 78, 46(3) and 58 of the CA;
- (iii) receipt of the company search report on the REIT Trustee conducted at the CCM which revealed that, apart from the securities created to secure the First Tranche MTNs, there are no other encumbrances which would adversely affect the securities envisaged under the Issue Documents;
- (iv) receipt of a winding-up search report on the REIT Trustee from the Director General of Insolvency’s office confirming that the REIT Trustee has not been wound up or the relevant statutory declaration from a director of the REIT Trustee;

REIT Manager:

- (i) receipt of certified true copies of the board resolution of the REIT Manager authorising, the entry into and execution of the relevant Transaction Documents to which it is a party and the specimen signatures of its authorised signatories;
- (ii) receipt of certified true copies of the REIT Manager’s certificate of incorporation, memorandum and articles of association or

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constitution, as the case may be, latest Forms 24, 44 and 49 as prescribed by the Companies Act, 1965 and, where applicable, such forms as prescribed by Sections 78, 46(3) and 58 of the CA;

- (iii) receipt of the company search report on the REIT Manager conducted at the CCM which revealed that, there are no other encumbrances which would adversely affect the securities envisaged under the Issue Documents;
- (iv) receipt of a winding-up search report on the REIT Manager from the Director General of Insolvency's office confirming that the REIT Manager has not been wound up or the relevant statutory declaration from a director of the REIT Manager;

General:

- (i) receipt of a valuation report on the Property in form and substance acceptable to the Joint Lead Managers indicating the open market value of the Property of no less than RM3,665,000,000. The date of the valuation report must not be more than six (6) months prior to the Issue Date of the Second Tranche MTNs. In the event that the date of the valuation report extends beyond six (6) months prior to the Issue Date of the Second Tranche MTNs, such valuation report must be accompanied by a desktop valuation report in form and substance acceptable to the Joint Lead Managers whereby the date of such desktop valuation report shall not be more than six (6) months prior to the Issue Date of the Second Tranche MTNs;
- (ii) the supplemental agreement to the First Tranche MTNs REIT Trustee Financing Agreement ("**Supplemental REIT Trustee Financing Agreement**") has been duly executed by the REIT Trustee, and deposited with the solicitors pending perfection of the same which can only take place on or after the redemption in full of the First Tranche MTNs;
- (iii) Evidence that the Minimum Required Balance has been maintained in the DSRA for the Second Tranche MTNs or arrangement has been made for the deposit of Minimum Required Balance into the DSRA for the Second Tranche MTNs on the Issue Date of the Second Tranche MTNs;
- (iv) relevant consents or, approvals from any regulatory authorities,

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creditors and/or such other parties notified by the Issuer, to enable each of the Issuer, the REIT Manager and the REIT Trustee to (i) do all necessary for the Issuer to undertake the issuance of the MTNs; (ii) provide security for that Second Tranche MTNs; and (iii) enter into and execute the relevant agreements in relation to the Issuer, have been obtained and remain valid;

- (v) where applicable:-
 - (a) the security documents listed in sub-paragraphs (vi) and (vii) under the heading ‘Specific Security for the Second Tranche MTNs’, have been duly executed by the parties thereto, stamped or endorsed as exempted from stamp duty and presented for registration with the relevant authority(ies);
 - (b) the security documents listed in sub-paragraphs (i), (ii), (iii), (iv), (v) and (viii) under the heading ‘Specific Security for the Second Tranche MTNs’, have been duly executed by the Issuer and/or Security Party, whichever applicable, and deposited with the solicitors pending perfection of the same which can only take place on or after the redemption in full of the First Tranche MTNs;
 - (c) the registration of the power of attorney clause in the security document set out in sub-paragraphs (vi) under the heading ‘Specific Security for the Second Tranche MTNs’ with the High Court of Malaya has been made;
- (vi) receipt of redemption statement cum undertaking from the Security Trustee of the First Tranche MTNs (which is secured against, inter alia, the Property), confirming the redemption amount, and undertaking (i) to release the Property and such other existing security created to secure the First Tranche MTNs upon full redemption of the First Tranche MTNs, and (ii) not to exercise any of its rights whatsoever in any of the security documents in respect of the First Tranche MTNs in the event that the discharge of the existing security interests created to secure the First Tranche MTNs is not or cannot be perfected or registered for any reason whatsoever, in form and substance acceptance to the Lead Arranger, and the Lead Arranger shall be satisfied that should the redemption sum stated in such redemption statement exceed the proceeds of the proposed issuance of the Second Tranche MTNs, such excess amount has

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been fully settled or arrangements have been made to the satisfaction of the Lead Arranger for settlement of such excess amount on the Issue Date of the Second Tranche MTNs;

- (vii) a certificate from the Issuer confirming that (a) all representations and warranties are true and correct in all material respects and covenants are complied with (including the compliance of the Financial Covenants taking into account the proposed issuance) at the time of issuance and will continue to be true and correct in all material respects and comply with such representations and warranties and covenants after the proposed issuance and (b) no Trigger Event and/or Event of Default has occurred or continues to subsist;
- (viii) the Second Tranche MTNs have been accorded a final rating of AAA with stable outlook by the Rating Agency;
- (ix) All fees and expenses in connection with the Second Tranche MTNs have been fully paid or arrangement for such payment has been made;
- (v) legal opinion, where applicable, from the Solicitors addressed to the Lead Arranger and the Joint Lead Managers confirming that the relevant Transaction Documents relating to the Second Tranche MTNs are legal, valid, binding and enforceable; and
- (vi) Confirmation from the Solicitors addressed to the Lead Arranger confirming that all conditions precedent to the Second Tranche MTNs have been fulfilled unless otherwise waived by the Lead Arranger; and
- (x) such other conditions precedent as may be deemed necessary by the Lead Arranger and the Joint Lead Managers and/or advised by the Solicitors.

2. Conditions Subsequent for the Second Tranche MTNs

The following conditions subsequent shall be satisfied by the Issuer within such period stipulated below:-

- (i) on the Issue Date of the Second Tranche MTNs or such other period to be agreed between the Issuer and the Security Trustee (acting on behalf of the holders of the Second Tranche MTNs vide

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- an Extraordinary Resolution in accordance with the provisions of the Trust Deed), evidence that the Minimum Required Balance has been deposited into the DSRA for the Second Tranche MTNs;
- (ii) on or within thirty (30) days from the Issue Date of the Second Tranche MTNs or such other period to be agreed between the Issuer and the Security Trustee (acting on behalf of the holders of the Second Tranche MTNs vide an Extraordinary Resolution in accordance with the provisions of the Trust Deed), the Supplemental REIT Trustee Financing Agreement has been duly executed by the parties thereto, endorsed as exempted from stamp duty and presented for registration with the relevant authority, if applicable;
 - (iii) on or within thirty (30) days from the Issue Date of the Second Tranche MTNs or such other period to be agreed between the Issuer and the Security Trustee (acting on behalf of the holders of the Second Tranche MTNs vide an Extraordinary Resolution in accordance with the provisions of the Trust Deed), the security documents listed in sub-paragraphs (i), (ii), (iii), (iv), (v) and (viii) under the heading ‘Specific Security for the Second Tranche MTNs’, have been duly executed by all parties thereto, stamped or endorsed as exempted from stamp duty and presented for registration with the relevant authority(ies);
 - (iv) on or within thirty (30) days from the Issue Date of the Second Tranche MTNs or such other period to be agreed between the Issuer and the Security Trustee (acting on behalf of the holders of the Second Tranche MTNs vide an Extraordinary Resolution in accordance with the provisions of the Trust Deed), the filing of the relevant Statements of Particulars to be Lodged with Charge with CCM in respect of charges created pursuant to the security documents set out in sub-paragraphs (i), (ii), (iii), (iv), (v) and (viii) under the heading ‘Specific Security for the Second Tranche MTNs’ has been made;
 - (v) on or within thirty (30) days from the Issue Date of the Second Tranche MTNs or such other period to be agreed between the Issuer and the Security Trustee (acting on behalf of the holders of the Second Tranche MTNs vide an Extraordinary Resolution in accordance with the provisions of the Trust Deed), the registration of the power of attorney clauses in the security documents set out in sub-paragraphs (i), (ii), (iii) , (iv), (v) and (viii) under the heading

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‘Specific Security for the Second Tranche MTNs’ with the High Court of Malaya has been made;

- (vi) on or within thirty (30) days from the Issue Date of the Second Tranche MTNs or such other period to be agreed between the Issuer and the Security Trustee (acting on behalf of the holders of the Second Tranche MTNs), all relevant notices of assignment under the security documents set out in sub-paragraphs (i), (ii), (iii), (iv), (v) and (viii) under the heading ‘Specific Security for the Second Tranche MTNs’ have been made and the receipt of the relevant acknowledgements by the Security Trustee; and
- (vii) such other conditions subsequent as may be deemed necessary by the Lead Arranger and the Joint Lead Managers and/or advised by the Solicitors and agreed by the Issuer.

Details of Designated Accounts : Designated Accounts for the Second Tranche MTNs shall consist of:-
A) DSRA for the Second Tranche MTNs (as set out below); and
B) Relevant Accounts for the Second Tranche MTNs (as set out below).

The Issuer shall maintain the debt service reserve account opened with Hong Leong Bank Berhad and bearing account number 00100919417 for the Second Tranche MTNs (“**DSRA**”).

The REIT Trustee and REIT Manager shall, where applicable maintain the following Relevant Accounts for the Second Tranche MTNs:-

- (i) revenue account opened with Hong Leong Bank Berhad and bearing account number 00100719435 (“**Revenue Account**”); and
- (ii) operating account opened with Hong Leong Bank Berhad and bearing account number 00100719459 (“**Operating Account**”).

I. Revenue Account for the Second Tranche MTNs

Name of account	Revenue Account (Tranche 1)
Opened/to be opened by	REIT Trustee
Maintained/operated or to be maintained by/operated by	Party responsible for maintaining the account: REIT Trustee Party responsible for operating the account:

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Proposed Issuance of Second Tranche of Medium Term Notes (“**Second Tranche MTNs**”) to refinance the Issuer’s Outstanding First Tranche MTNs of RM1.2 Billion in Nominal Value on the Expected Maturity Date of such MTNs under the Medium Term Note programme of up to RM5.0 Billion in Nominal Value (“MTN Programme”) established by IGB REIT Capital Sdn Bhd

Principal Terms and Conditions for Second Tranche MTNs

The information set out in this Principal Terms and Conditions is the specific terms of the Second Tranche MTNs. It must be read together with the Principal Terms and Conditions of the MTN Programme lodged with the Securities Commission Malaysia on 18 August 2017 in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, which is made available on BNM’s Fully Automated System for Issuing/Tendering (FAST) (“Lodged PTC”). Unless stated otherwise, all terms used in this Principal Terms and Conditions shall have the same meaning as appearing in the Lodged PTC.

	REIT Trustee
	Upon the occurrence of a Trigger Event and expiry of the Remedy Period or an Event of Default: Security Trustee
Sources of funds	<p>The following shall be deposited or cause to be deposited into the Revenue Account:-</p> <ul style="list-style-type: none"> (i) all amounts (including the deposits received or to be received from the tenant(s) of the Property) received from the tenant(s) of the Property; (ii) all other amounts derived from the Property or any part thereof including any service charges; (iii) all insurance proceeds of insurance claims in relation to the Property (save for claims made by or for the benefit of third party(ies)); (iv) all proceeds from Permitted Investments, including interest therefrom; (v) all excess amount (if any) from DSRA after meeting all Issuer’s payment obligations and the Minimum Required Balance (as defined below) under the Second Tranche MTNs and where applicable, under the Subsequent Tranche MTNs which shares the same Specific Security with the Second Tranche MTNs; (vi) if applicable, such excess amount from the Operating Account in the event the actual expenditure incurred is less than the total amount allocated for the relevant Budget Report period in the Budget Report or Revised Budget Report (as the case may be) for the Property; and

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	(vii) any other monies received by and/or paid to the REIT Trustee in relation to the Property from time to time.
Utilisation of Funds	<p>Funds in the Revenue Account shall be applied in the following order of priority:-</p> <p><u>(A) prior to the occurrence of (i) a Trigger Event and expiry of the Remedy Period or (ii) an Event of Default</u></p> <p>(i) contributions to the DSRA to meet the Minimum Required Balance;</p> <p>(ii) contributions to the Operating Account to meet payments in accordance with the Budget Report for the Property (as defined in Operating Account) or Revised Budget Report for the Property (as defined in Operating Account) (as the case may be);</p> <p>(iii) payments in order to meet the Issuer’s payment obligations in respect of any Coupon falling due and payable under the Second Tranche MTNs;</p> <p>(iv) payments in order to meet the Issuer’s payment obligations in respect of principal payments falling due and payable under the Second Tranche MTNs;</p> <p>(v) where applicable, payment in order to meet the early redemption of the Second Tranche MTNs on the relevant Early Redemption Date;</p> <p>(vi) where applicable, payments in order to meet the Issuer’s payment obligations in respect of any Coupon falling due and payable under the Subsequent Tranche MTNs (the redemption of which are secured by the same Specific Security with the Second Tranche MTNs) in descending order of priority and seniority;</p>

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Proposed Issuance of Second Tranche of Medium Term Notes (“**Second Tranche MTNs**”) to refinance the Issuer’s Outstanding First Tranche MTNs of RM1.2 Billion in Nominal Value on the Expected Maturity Date of such MTNs under the Medium Term Note programme of up to RM5.0 Billion in Nominal Value (“MTN Programme”) established by IGB REIT Capital Sdn Bhd

Principal Terms and Conditions for Second Tranche MTNs

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	<p>(vii) where applicable, payments in order to meet the Issuer’s payment obligations in respect of principal payments falling due and payable under the Subsequent Tranche MTNs (the redemption of which are secured by the same Specific Security with the Second Tranche MTNs) in descending order of priority and seniority;</p> <p>(viii) where applicable, payment in order to meet the early redemption of the Subsequent Tranche MTNs (the redemption of which are secured by the same Specific Security with the Second Tranche MTNs) in descending order of priority and seniority on the relevant Early Redemption Date;</p> <p>(ix) payments of dividends or distributions to the unit holders of IGB REIT and/or payments in order to meet the Issuer’s payment obligations under the Subsequent Tranche MTNs which are not secured by the same Specific Security with the Second Tranche MTNs; and</p> <p>(x) payments for investments in the Permitted Investment.</p> <p><u>(B) upon occurrence of a Trigger Event and upon expiry of Remedy Period:-</u></p> <p>(i) contributions to the DSRA to meet the Minimum Required Balance;</p> <p>(ii) contributions to the Operating Account to meet payments in accordance with the Budget Report for the Property (as defined in Operating Account) or Revised Budget Report for the Property (as defined in Operating Account) (as the case may be);</p> <p>(iii) payments in order to meet the Issuer’s payment obligations in respect of any</p>
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Proposed Issuance of Second Tranche of Medium Term Notes ("**Second Tranche MTNs**") to refinance the Issuer's Outstanding First Tranche MTNs of RM1.2 Billion in Nominal Value on the Expected Maturity Date of such MTNs under the Medium Term Note programme of up to RM5.0 Billion in Nominal Value ("MTN Programme") established by IGB REIT Capital Sdn Bhd

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	<p>Coupon falling due and payable under the Second Tranche MTNs;</p> <p>(iv) where applicable, payments in order to meet the Issuer's payment obligations in respect of any Coupon falling due and payable under the Subsequent Tranche MTNs (the redemption of which are secured by the same Specific Security with the Second Tranche MTNs) in descending order of priority and seniority;</p> <p>(v) payments in order to meet the Issuer's payment obligations in respect of principal payments falling due and payable under the Second Tranche MTNs; and</p> <p>(vi) where applicable, payments in order to meet the Issuer's payment obligations in respect of principal payments falling due and payable under the Subsequent Tranche MTNs (the redemption of which are secured by the same Specific Security with the Second Tranche MTNs) in descending order of priority and seniority.</p> <p>Notwithstanding (A) and (B) above, to the extent that the funds in the Revenue Account are attributable to insurance proceeds of insurance claims in relation to the Property (save for claims made by or for the benefit of third party(ies)), such funds may be utilised by the REIT Trustee or REIT Manager (on behalf of the IGB REIT) (other than in relation to total loss event) to make good/repair or restore such part of the Property which are damaged in respect of which the insurance proceeds is received, provided that such withdrawal must be accompanied by the relevant supporting documents evidencing the amount payable to make good/repair such damage to be furnished by the REIT Trustee or REIT Manager (on behalf of the IGB REIT) and acceptable to the Security Trustee, which are not subject to the order of priority above.</p>
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Proposed Issuance of Second Tranche of Medium Term Notes (“**Second Tranche MTNs**”) to refinance the Issuer’s Outstanding First Tranche MTNs of RM1.2 Billion in Nominal Value on the Expected Maturity Date of such MTNs under the Medium Term Note programme of up to RM5.0 Billion in Nominal Value (“MTN Programme”) established by IGB REIT Capital Sdn Bhd

Principal Terms and Conditions for Second Tranche MTNs

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	<p>Upon the:-</p> <p>(i) completion of disposal of Property pursuant to the exercise of the Power of Attorney for the Property under any Trigger Events; or</p> <p>(ii) declaration of an Event of Default under the Second Tranche MTNs; or</p> <p>(iii) declaration of an Event of Default under the Subsequent Tranche(s) MTNs which shares the same Specific Security with the Second Tranche MTNs in descending order of priority and seniority and only if the Second Tranche MTNs have been fully redeemed,</p> <p>the REIT Trustee shall forthwith transfer all funds in the Revenue Account of the Second Tranche MTNs into the DSRA and to be applied by the Security Trustee in accordance with the provision in the DSRA.</p>
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II. Operating Account for the Second Tranche MTNs

Name of account	Operating Account (Tranche 1)
Opened/to be opened by	REIT Trustee
Maintained/operated or to be maintained by/operated by	<p>Party responsible for maintaining the account: REIT Manager</p> <p>Party responsible for operating the account: REIT Manager</p> <p>Upon the occurrence of (i) a Trigger Event and expiry of the Remedy Period or (ii) an Event of Default: Security Trustee</p>
Sources of funds	The following shall be deposited or cause to be deposited into the Operating Account of the Second Tranche MTNs:-

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Principal Terms and Conditions for Second Tranche MTNs

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	<p>(i) contributions from the Revenue Account in accordance with the monthly allocation as provided in the prevailing annual budget report (“Budget Report”) for the Property (and the Revised Budget Report for the Property (as the case may be) during the period as necessary); and</p> <p>(ii) all proceeds from Permitted Investments, including interest therefrom.</p> <p>Notwithstanding the above, no further contributions to the Operating Account will be made upon the:-</p> <p>(i) completion of the disposal of the Property pursuant to the exercise of the Power of Attorney for the Property under any Trigger Events; or</p> <p>(ii) declaration of an Event of Default under the Second Tranche MTNs; or</p> <p>(iii) declaration of an Event of Default under the Subsequent Tranche(s) MTNs which shares the same Specific Security with the Second Tranche MTNs in descending order of priority and seniority and only if the Second Tranche MTNs have been fully redeemed.</p> <p>The Budget Report for the Property shall be prepared by the REIT Manager and submitted to the Security Trustee thirty (30) business days prior to each financial year end. The Budget Report should include details of:</p> <p>(i) the relevant fees and expenses payable by the Issuer in connection with the MTN Programme including but not limited to fees, costs, charges, expenses and liabilities incurred by and all other amounts then due to the Bond Trustee, the Security Trustee, the solicitors and expenses of the Issuer’s tax agents and audit fees of the</p>
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Principal Terms and Conditions for Second Tranche MTNs

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	<p>Issuer;</p> <p>(ii) the relevant trust expenses, charges and fees which are permitted to be incurred by the REIT Trustee pursuant to the provisions of REIT Trust Deed;</p> <p>(iii) the relevant operating expenditure and capital expenditure accruing to the Property;</p> <p>(iv) taxes falling due and payable to the Property; and</p> <p>(v) refund payable to the relevant tenant(s) in accordance with the terms of the relevant tenancy agreement(s).</p> <p>In the event there is Secured Property and the fees and expenses under item (i) and (ii) above relate to the MTN Programme (instead of an identified Tranche), these relevant fees and expenses shall be prorated based on the outstanding nominal value of the relevant Tranches.</p> <p>The Budget Report may be revised or updated on a quarterly basis (“Revised Budget Report”) as may be deemed necessary by the REIT Manager provided that the variation/revision does not exceed ten per centum (10%) of the total amount approved under the Budget Report. Any variation/revision exceeds ten per centum (10%) of the total amount approved under the Budget Report will require consent from the Security Trustee.</p> <p>The Budget Report shall be in form and substance acceptable to the Security Trustee and submitted together with a certified true copy of the approval from the board of directors of the REIT Manager.</p>
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	The REIT Manager shall be permitted to change the allocation of the expenses within the approved Budget Report from time to time as it deems necessary without affecting the performance of the Property.
Utilisation of Funds	<p>Funds in the Operating Account shall be applied in the following order of priority:-</p> <ul style="list-style-type: none"> (i) payments of/set aside such amount necessary to meet the payment of any taxes falling due and payable in relation to the Property; (ii) payments of all fees and expenses payable by the Issuer in relation to the MTN Programme including but not limited to fees, costs, charges, expenses and liabilities incurred by, and all other amounts then due to the Bond Trustee, the Security Trustee, the Facility Agent, the solicitors and expenses of the Issuer and tax agents and audit fees of the Issuer; (iii) payment of all trust expenses, charges and fees in relation to IGB REIT for the Property, which are permitted to be incurred by the REIT Trustee pursuant to the provisions of REIT Trust Deed; (iv) payments to meet all operating, management, repairs, service/maintenance and capital expenses (capital expenditure and asset enhancement works) in respect of the Property including insurance premium, maintenance and management charges and sinking fund payable by the REIT Trustee pursuant to any applicable laws or by-laws; (v) withdrawals of such amount necessary to meet the payment of refund payable to the relevant tenant(s) in accordance with the

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	<p>terms of the relevant tenancy agreement(s); and</p> <p>(vi) investments in the Permitted Investments.</p> <p>Notwithstanding the above, in the event the actual expenditure incurred is less than the total amount allocated in the Budget Report or Revised Budget Report (as the case may be) for the Property, the excess sum in the Operating Account may either be (i) retained in the Operating Account whereby such sum shall form part of the amount to be utilised in the next Budget Report period for the Property and shall be net-off against the succeeding contributions from the Revenue Account to the Operating Account as provided in the next Budget Report period, or (ii) transferred to the Revenue Account.</p> <p>Upon the:-</p> <p>(i) completion of disposal of Property pursuant to the exercise of the Power of Attorney for the Property under any Trigger Events; or</p> <p>(ii) declaration of an Event of Default under the Second Tranche MTNs; or</p> <p>(iii) declaration of an Event of Default under the Subsequent Tranche(s) MTNs which shares the same Specific Security with the Second Tranche MTNs and only if the Second Tranche MTNs have been fully redeemed,</p> <p>the REIT Manager shall forthwith transfer all funds in the Operating Account into the DSRA and to be applied by the Security Trustee in accordance with the provision in the DSRA.</p>
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DSRA for the Second Tranche MTNs

Name of account	DSRA (Tranche 1)
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Opened/to be opened by	Issuer
Maintained/ operated or to be maintained by/operated by	Party responsible for maintaining the account: Issuer Party responsible for operating the account: Security Trustee
Sources of funds	<p>The following shall be deposited or cause to be deposited into the DSRA :-</p> <ul style="list-style-type: none"> (i) funds to be transferred from Revenue Account to meet the Minimum Required Balance; (ii) net proceeds from the disposal of the Property pursuant to the exercise of the Power of Attorney for the Property under any Trigger Events; (iii) funds from Revenue Account upon completion of disposal of the Property pursuant to the exercise of the Power of Attorney for the Property under any Trigger Events; (iv) funds from Operating Account upon completion of disposal of the Property pursuant to the exercise of the Power of Attorney for the Property under any Trigger Events; (v) funds from Operating Account upon the declaration of an Event of Default; (vi) funds from Revenue Account upon the declaration of an Event of Default; and (vii) all proceeds from Permitted Investments, including interest therefrom. <p>“Minimum Required Balance” shall at all times mean, the sum equivalent to and not less than the</p>

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	<p>immediate next six (6) months Coupon due under the Second Tranche MTNs, and where applicable, the Subsequent Tranche MTNs which shares the same Specific Security with the Second Tranche MTNs or such other amount as determined by the Rating Agency.</p> <p>The Minimum Required Balance shall be computed by the Security Trustee at any time prior to the Issue Date of the relevant Tranche and prior to each Coupon Date of such Tranche.</p> <p>For the avoidance of doubt, failure to meet the Minimum Required Balance will not constitute an Event of Default but a Trigger Event is deemed to have occurred.</p>
<p>Utilisation of Funds</p>	<p>The Minimum Required Balance shall be utilised to meet the following in the event there is insufficient funds in the Revenue Account to make such payment when such payment is due:-</p> <ul style="list-style-type: none"> (i) the Issuer’s payment obligations in respect of Coupon due and payable under the Second Tranche MTNs; and (ii) where applicable, Issuer’s payment obligations in respect of Coupon due and payable under the Subsequent Tranche MTNs (the redemption of which are secured by the same Specific Security with the Second Tranche MTNs). <p>Any shortfall in the Minimum Required Balance must be topped up by the Issuer within the Remedy Period, failing which, the Security Trustee shall proceed to dispose the Property pursuant to the exercise of the Power of Attorney.</p> <p>In the event that funds held in the DSRA exceed the Minimum Required Balance, in the absence of a Trigger Event or an Event of Default, the excess may be released to the Revenue Account.</p> <p>The funds held in the DSRA can be invested in</p>

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	<p>the Permitted Investments provided always that the Issuer can maintain the Minimum Required Balance.</p> <p>Upon the:-</p> <ul style="list-style-type: none">(i) completion of disposal of Property pursuant to the exercise of the Power of Attorney for the Property in accordance with the terms therein; or(ii) declaration of an Event of Default under the Second Tranche MTNs; or(iii) declaration of an Event of Default under the Subsequent Tranche(s) MTNs which shares the same Specific Security with the Second Tranche MTNs and only if the Second Tranche MTNs have been fully redeemed, <p>funds in the DSRA shall be applied in the following order of priority:-</p> <ul style="list-style-type: none">(i) payments of/set aside such amount necessary to meet the payment of any taxes falling due and payable in relation to the Property;(ii) payments of all fees and expenses payable by the Issuer in relation to the MTN Programme including but not limited to fees, costs, charges, expenses and liabilities incurred by, and all other amounts then due to the Bond Trustee, the Security Trustee, the Facility Agent, the solicitors and expenses of the Issuer and tax agents and audit fees of the Issuer;(iii) payments in order to meet the Issuer’s payment obligations in respect of any Coupon falling due and payable under the
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Proposed Issuance of Second Tranche of Medium Term Notes (“**Second Tranche MTNs**”) to refinance the Issuer’s Outstanding First Tranche MTNs of RM1.2 Billion in Nominal Value on the Expected Maturity Date of such MTNs under the Medium Term Note programme of up to RM5.0 Billion in Nominal Value (“MTN Programme”) established by IGB REIT Capital Sdn Bhd

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	<p>Second Tranche MTNs;</p> <p>(iv) payments in order to meet the Issuer’s payment obligations in respect of principal payments falling due and payable under the Second Tranche MTNs;</p> <p>(v) where applicable, payments in order to meet the Issuer’s payment obligations in respect of any Coupon falling due and payable under the Subsequent Tranche MTNs (the redemption of which are secured by the same Specific Security with the Second Tranche MTNs) in descending order of priority and seniority;</p> <p>(vi) where applicable, payments in order to meet the Issuer’s payment obligations in respect of principal payments falling due and payable under the Subsequent Tranche MTNs (the redemption of which are secured by the same Specific Security with the Second Tranche MTNs) in descending order of priority and seniority; and</p> <p>(vii) if any, any excess funds in the DSRA after all monies payable under the Second Tranche MTNs, and the Subsequent Tranche MTNs (which are secured by the same Specific Security with the Second Tranche MTNs), are to be returned to the Revenue Account.</p>
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Additional covenant for the Second Tranche MTNs : The Issuer shall promptly notify the Bond Trustee and the Rating Agency upon the fulfillment of all Conditions Subsequent and ensure that it shall notify the Bond Trustee and the Rating Agency in the event that it is unable to fulfill or comply with any of the Conditions Subsequent.

Conflict-of-interest situations and appropriate mitigating : **CIMB Investment Bank Berhad (“CIMB Investment Bank”)**
 Save as disclosed below, after making enquiries as were reasonable in the circumstances, CIMB Investment Bank is not aware of any other

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Proposed Issuance of Second Tranche of Medium Term Notes (“**Second Tranche MTNs**”) to refinance the Issuer’s Outstanding First Tranche MTNs of RM1.2 Billion in Nominal Value on the Expected Maturity Date of such MTNs under the Medium Term Note programme of up to RM5.0 Billion in Nominal Value (“MTN Programme”) established by IGB REIT Capital Sdn Bhd

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measures, if any circumstances that would give rise to a conflict of interest or potential conflict of interest in its capacity as the Joint Lead Manager in relation to the Second Tranche MTNs:-

As at the date hereof, Dato’ Lee Kok Kwan (“**DLKK**”) is a non-independent director of CIMB Group Holdings Berhad, CIMB Bank Berhad and CIMB Investment Bank. DLKK is also an independent non-executive director of IGB Berhad whom is a substantial shareholder of IGB REIT. The Issuer is wholly owned by IGB REIT via the REIT Trustee. Further, IGB REIT is managed by the REIT Manager and the REIT Manager is in turn wholly owned by IGB Berhad.

In view of the above, there may be potential conflict of interest situations arising from CIMB Investment Bank’s role as the Joint Lead Manager in relation to the Second Tranche MTNs.

CIMB Investment Bank has considered the factors involved and it believes that objectivity and independence of CIMB Investment Bank in carrying out its role as the Joint Lead Manager for the Second Tranche MTNs, have been and will be maintained at all times for the following reasons:-

- (1) CIMB Investment Bank is a licensed investment bank and its appointment as the Joint Lead Manager is in its ordinary course of business and on arms-length basis;
- (2) CIMB Investment Bank is one of the leading arrangers and managers in the Malaysian corporate bonds and Islamic securities markets and is committed to upholding its integrity and responsibilities in relation to the Second Tranche MTNs;
- (3) the roles of CIMB Investment Bank will be governed by the relevant agreements and documentation which shall clearly set out the rights, duties and responsibilities of CIMB Investment Bank in its capacity as Joint Lead Manager for the Second Tranche MTNs; and
- (4) the conduct of CIMB Investment Bank is regulated strictly by Bank Negara Malaysia and the Securities Commission Malaysia and governed under, inter alia, the Financial Services Act 2013, the Capital Market and Services Act 2007 and by its own internal

IGB REIT Capital Sdn Bhd

Proposed Issuance of Second Tranche of Medium Term Notes ("**Second Tranche MTNs**") to refinance the Issuer's Outstanding First Tranche MTNs of RM1.2 Billion in Nominal Value on the Expected Maturity Date of such MTNs under the Medium Term Note programme of up to RM5.0 Billion in Nominal Value ("MTN Programme") established by IGB REIT Capital Sdn Bhd

Principal Terms and Conditions for Second Tranche MTNs

The information set out in this Principal Terms and Conditions is the specific terms of the Second Tranche MTNs. It must be read together with the Principal Terms and Conditions of the MTN Programme lodged with the Securities Commission Malaysia on 18 August 2017 in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, which is made available on BNM's Fully Automated System for Issuing/Tendering (FAST) ("Lodged PTC"). Unless stated otherwise, all terms used in this Principal Terms and Conditions shall have the same meaning as appearing in the Lodged PTC.

controls and checks.

In addition, DLKK has abstained and will continue to abstain from deliberating and voting on the Second Tranche MTNs at the relevant board meetings.

Each of the Issuer's and REIT Manager's Board has been informed and they are aware of the situation as described above. Notwithstanding the above, each of the Issuer's and REIT Manager's Board has approved the said arrangement and is agreeable to proceed with the Second Tranche MTNs based on the present arrangement and terms.

Hong Leong Investment Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, Hong Leong Investment Bank Berhad is not aware of any circumstances that would give rise to a conflict of interest in its capacity as the Principal Adviser, the Lead Arranger and the Facility Agent in relation to the MTN Programme as well as the Joint Lead Manager in relation to the Second Tranche MTNs.