

PARADIGM REIT MANAGEMENT SDN BHD
(formerly known as WCT REIT MANAGEMENT SDN BHD)
(the Manager of Paradigm REIT)

Terms of Reference of Audit Committee (“AC”)

- **Purpose**

The AC was established to assist the board of directors (“**Board**”) of Paradigm REIT Management Sdn Bhd (the “**Manager**”), the management company of Paradigm Real Estate Investment Trust (“**Paradigm REIT**”) in fulfilling its corporate governance and oversight responsibilities in relation to the financial accounting and reporting process, internal audit and external audit function, related party transactions (“**RPT**”) and conflict of interest (“**COI**”) situations.

- **Composition and Size**

The members of AC shall be appointed by the Board from amongst the directors of the Manager. The AC shall fulfil the following requirements:-

- (a) the AC shall consist of not fewer than three (3) members. All of the AC members must be non-executive directors, a majority of whom are independent. No alternate Director shall be appointed to the AC;
- (b) the Chairman of the AC must be an independent director. The Chairman of the Board shall not be the Chairman of the AC;
- (c) the Company Secretary of the Manager shall act as the Secretary of the AC;
- (d) each member of the AC must satisfy the financial literacy requirements and are able to understand matters under the purview of the AC including the financial reporting process. At least one of the AC members must be:-
 - a member of the Malaysian Institute of Accountants; or
 - has at least three (3) years’ working experience and either (i) has passed the examination specified in Part I of the First Schedule of the Accountants Act 1967; or (ii) is a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“**Bursa Securities**”);
- (e) each member of the AC should undertake continuous professional development to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and rules;
- (f) in the event of any vacancy in AC which resulted in the number of AC members to be reduced to below three (3) members, the Board must fill the vacancy within three (3) months of the event to ensure compliance with the Main Market Listing Requirements of Bursa Securities (“**MMLR**”); and

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- (g) the Board shall not appoint to the AC any former audit partner of the external audit firm of the Manager and/or affiliates firm (including those providing advisory services and tax consulting) unless they have observed a cooling-off period of at least three (3) years before being appointed as a member of the AC.

• **Authority**

The AC is authorised to:-

- (a) perform its duties as stipulated by this Terms of Reference and obtain adequate resources required to perform its duties;
- (b) have full and unrestricted access to information, records and documents necessary to the performance of its duties;
- (c) have direct communication channels with the external and internal auditors;
- (d) engage, consult and obtain independent legal or other professional advice necessary to the performance of its duties; and
- (e) convene meetings with the external auditors, internal auditors, the property manager or its service providers without the presence of the directors and employees of the Manager, whenever necessary.

Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR or the Securities Commission Malaysia's ("SC") Guidelines on Listed Real Estate Investment Trusts, the AC must promptly report such matters to Bursa Securities and/or the SC.

• **Responsibilities**

- (a) The AC is responsible in providing independent oversight of Paradigm REIT's financial information including the quarterly financial results, the year-end financial statements and the audited financial statements and ensure adherence to all regulatory and accounting disclosures and applicable accounting standards, focusing on:-
 - any changes in or implementation of major accounting policies and practices;
 - the going concern assumption;
 - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed; and
 - compliance with the applicable approved accounting standards and other legal requirements.

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- (b) To review and report the RPT and COI situations that arose, persist or may arise within the Manager and Paradigm REIT, including any transaction procedure or course of conduct that raises questions on management's integrity, and the measures taken to resolve, eliminate or mitigate such conflicts.
- (c) To ensure that the Manager has clear lines drawn with respect to the use of the assets of the Manager and Paradigm REIT, and RPT.
- (d) To prepare AC Report for inclusion in the Annual Report of Paradigm REIT.
- (e) To review the procedures for detecting fraud and whistle-blowing and ensuring that arrangements are in place whereby employees may, in confidence, raise concerns or any possible improprieties in the matters of financial reporting, financial control or any other matters.
- (f) To oversee the Manager and Paradigm REIT's internal compliance and control systems established by the management of the Manager, including reviewing the effectiveness of these systems.
- (g) To carry out any other functions that may be mutually agreed upon by the AC and the Board which would be beneficial to the Manager and Paradigm REIT and to ensure the effective discharge of the AC's duties and responsibilities.
- (h) To recommend the appointment and re-appointment of external auditors and scope of external audit

The AC shall make recommendation to the Board on the appointment and re-appointment of the external auditors and shall consider, among others, the adequacy of the experience, resource capacity, audit fee and other relevant considerations of the external auditors. The AC shall also review (if any) letter of resignation or dismissal of external auditor.

The AC shall review with the external auditors its audit plan and evaluation of the system of internal controls. The AC shall also review the external auditors' audit reports and issues and reservations arising from their interim and final audits. The AC shall assess the independence and the performance of external auditors including obtain written assurance from the external auditors confirming they are and have been independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC shall review external auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Manager, the Property Manager and/ or other service providers in order to be satisfied that the appropriate action is being taken.

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- (i) To appoint internal auditors and scope of internal audit

The AC shall review the adequacy of the scope, functions, independence, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.

The AC shall review the internal audit plan, processes, the results of internal audit assessments and investigations undertaken, and whether or not appropriate action is taken in response to the audit findings.

The AC shall evaluate the adequacy, efficiency and effectiveness of the internal controls and the appropriateness of the accounting policies adopted by Paradigm REIT.

The AC shall review internal audit program and findings arising from the audits and the performance of the internal audit function and report to the Board when necessary.

• **Meetings**

- (a) The quorum for the AC meeting shall be at least two (2) members. Additionally, the majority of members present at the AC meeting must be independent director in order to form the quorum at the AC meeting.
- (b) The AC shall meet at least four (4) times a year. Additional meetings may be convened as required.
- (c) Notice of each AC meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of AC and any other person required to attend, no later than five (5) business days (unless in unavoidable circumstances, notice of the AC meeting may be shortened or waived provided all the AC members so agree in writing) prior to the date set for meetings to enable AC members and other attendees as appropriate to review the information and to obtain such details and explanations where necessary.
- (d) The AC shall meet with the external auditors in separate private sessions at least two (2) times a year without the presence of the executive directors and management of the Manager.
- (e) The internal auditors shall be in attendance at the quarterly AC meetings and whenever invited to present and discuss the internal audit reports and follow-up on audit related matters. The AC shall meet with the internal auditors in separate private sessions at least two (2) times a year without presence of the executive directors and management of the Manager.
- (f) Non-member directors shall not attend the meetings unless they are specifically invited by the AC. The management of the Manager shall attend the meetings upon the invitation by the AC.

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- (g) Minutes shall be kept of the proceedings and the resolutions passed during the AC meeting. The Chairman of the AC shall report to the Board on any salient matters discussed during the AC meetings and which requires the Board's notice, direction and approval. Minutes of each AC meeting shall be tabled at the Board meeting for the directors' review and notation.
- (h) The meetings of the AC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means. Such participation in a meeting shall constitute presence in person at such meeting.
- (i) The minutes of AC meeting signed by the Chairman of the AC shall be conclusive evidence of any meeting conducted as aforesaid.

- **Resolutions in writing**

A resolution in writing signed or approved by letter, facsimile or electronic communication by a simple majority of AC members shall be effective for all purposes as if it were a resolution passed at an AC meeting duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more AC members. All such resolutions shall be recorded by the secretary of the AC in the minutes book.

- **AC performance**

The terms of office and performance of the AC and each of its members shall be reviewed by the Remuneration and Nomination Committee annually to determine whether the AC and its members have carried out their duties in accordance with this Terms of Reference.

- **Review**

This Terms of Reference shall be subjected to periodic review to ensure that it remains relevant and updated in line with applicable laws, regulations and corporate governance best practices. Any amendment to this Terms of Reference must be approved by the Board.

This AC Terms of Reference was reviewed and approved by the Board on 27 March 2025.