

IGB REIT's Pro Forma Statement of Financial Position as at its date of establishment

	Unaudited (RM'000)
Non-current assets	
Investment properties	4,600,000
Plant and equipment	12,559
	<u>4,612,559</u>
Current assets	
Unamortised incentives ⁽¹⁾	9,199
Cash and bank balances	50,160
	<u>59,359</u>
Current liabilities	
Syndicated Financing Facilities ⁽²⁾	12,559
Tenant deposits	27,401
	<u>39,960</u>
Net current assets	19,399
	<u>4,631,958</u>
Financed by:	
Unitholders' capital ⁽³⁾	4,237,000
Accumulated losses ⁽⁴⁾	(850,000)
Unitholders' fund	<u>3,387,000</u>
Non-current liabilities	
Syndicated Financing Facilities ⁽²⁾	1,193,000
Tenant deposits	51,958
	<u>1,244,958</u>
	<u>4,631,958</u>
NAV (RM'000)	3,387,000
Units in issue ('000)	3,400,000
NAV per Unit (RM)	0.996

Notes:

- (1) The unamortised incentives represent the unamortised balance of fit-out incentives given to certain tenants in cash, which is recognised over the lease term on a straight-line basis, for securing the next renewal term with the respective tenants.
- (2) The portion of the Syndicated Financing Facilities to be drawdown upon the date of establishment of IGB REIT, totalling approximately RM1,213 million (net of estimated transaction costs of RM7 million), to part finance the Acquisitions.

- (3) *Unitholders' funds of RM4,250 million, net of estimated expenses in relation to the issue of the Units of approximately RM13 million.*
- (4) *The difference between the fair value of the Consideration Units and the aggregate carrying amounts of assets and liabilities acquired as of the date of the business combination is included in equity – accumulated losses.*

The Pro Forma Statement of Financial Position of IGB REIT has been prepared for illustrative purposes using the financial statements of KrisAssets group which is prepared in accordance with the Malaysian FRS, and in a manner consistent with the format of the financial statements, basis of preparation and the accounting policies to be adopted by IGB REIT as set out in Section 4.4.4 "Significant Accounting Policies" of this Prospectus.

IGB REIT's Pro Forma Statement of Financial Position set out above was prepared based on the following listing scheme:

- (i) The acquisitions of the Subject Properties and the Related Assets from the Vendors by the Trustee (on behalf of IGB REIT) for a total purchase consideration of approximately RM4,613 million to be satisfied by:
- (a) the issuance of 3,400,000,000 Consideration Units at the issue price of RM1.00 per Unit; and
 - (b) Cash Consideration of approximately RM1,213 million raised through the drawdown of a portion of the Syndicated Financing Facilities.

The fair value of the Consideration Units is estimated at RM4,250 million (based on the Retail Price of RM1.25 per Unit).

The purchase consideration for the Subject Properties was arrived at on a willing-buyer willing-seller basis based on the market value of the Subject Properties as appraised by the Independent Property Valuer in its valuation reports dated 10 April 2012. The valuations of the Subject Properties were carried out using the investment method.

The purchase consideration for the Related Assets was arrived at on a willing-buyer willing-seller basis based on the audited net book value of the Related Assets as at 31 December 2011.

Upon completion of the Acquisitions, IGB REIT will also assume certain assets, being the cash equivalent amount of tenant deposits and unamortised incentives, as well as certain liabilities, being the tenant deposits.

(ii) Consideration Units

Out of the 3,400,000,000 Consideration Units to be issued to the Vendors, 2,730,000,000 Units will be issued to MVC and the balance of 670,000,000 Units will be issued to MVCG.

(iii) Syndicated Financing Facilities

IGB REIT intends to finance the cash portion of the purchase consideration for the Subject Properties through proceeds to be raised via drawdown of the Syndicated Financing Facilities comprising:

- (a) FRTL, a fixed rate term loan facility of up to RM1,200 million; and
- (b) SBRC, a standby revolving credit facility of up to RM20 million.

IGB REIT intends to drawdown approximately RM1,213 million of the Syndicated Financing Facilities to part finance the Acquisitions.

- (iv) Listing and quotation of 3,400,000,000 Units in IGB REIT on the Main Market.

4.2 CAPITALISATION AND INDEBTEDNESS

Assuming full subscription under the Offering and based on the Retail Price, the following table sets forth the pro forma capitalisation of IGB REIT as at the Listing Date. The information in the table below should be read in conjunction with Section 3.11 "Listing Expenses", Section 4.1 "Pro Forma Statement of Financial Position" and the "Reporting Accountants' Letter on the Pro Forma Statement of Financial Position" in Appendix D of this Prospectus and the related notes in this Prospectus.

As at the Listing Date	RM'000
Syndicated Financing Facilities ⁽¹⁾	1,205,559
Unitholders' Funds ⁽²⁾	3,387,000
Total Capitalisation	4,592,559

Notes:

- (1) The amount of the Syndicated Financing Facilities to be drawdown as at the Listing Date of approximately RM1,213 million net of estimated transaction costs of RM7 million.
- (2) Unitholders' funds net of the estimated expenses for the issue of the Units of approximately RM13 million.

Please refer to Section 3.10 "REIT Financing" of this Prospectus for further details on the Syndicated Financing Facilities.

Based on IGB REIT's Pro Forma Statement of Financial Position, IGB REIT is expected to have an initial indebtedness of approximately RM1,206 million (net of estimated transaction costs of RM7 million) representing approximately 25.8% of its estimated Total Asset Value.

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4.3 PRO FORMA NET PROPERTY INCOME

The following table presents the pro forma net property income of IGB REIT for the FY2009, FY2010, FY2011, and FPE2011 and FPE2012. The pro forma net property income should be read in conjunction with Section 4.4 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus.

The objective of the pro forma net property income of IGB REIT is to show what the results of operations might have been had IGB REIT existed at an earlier date. However, the pro forma net property income of IGB REIT is not necessarily indicative of the results of operation that would have been attained had IGB REIT actually existed earlier.

The pro forma net property income of IGB REIT for the FY2009, FY2010, FY2011, and FPE2011 and FPE2012 has been prepared based on the Vendors' audited financial statements for the FY2009, FY2010, FY2011 and unaudited management financial statements for FPE2011 and FPE2012. Certain numbers have been re-presented or reclassified in this pro forma to conform with the basis of presentation of the pro forma net property income and may not be consistent with the basis of presentation in the audited financial statements of the Vendors. The pro forma net property income has been prepared in accordance with Malaysian FRS and in a manner consistent with the format and accounting policies to be adopted by IGB REIT.

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The revenue and expenses stated below are directly related to the operations of the Subject Properties and should be read together with Section 4.4 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus.

Pro Forma Net Property Income

RM'000	FY2009	FY2010	FY2011	FPE2011	FPE2012
Gross Rental Income	252,070	266,681	285,839	70,727	73,864
Other income	74,753	79,336	89,565	20,749	22,243
Total Revenue	326,823	346,017	375,404	91,476	96,107
Utilities	(43,796)	(43,553)	(45,485)	(10,601)	(11,658)
Maintenance expenses	(19,414)	(17,439)	(20,264)	(4,404)	(4,698)
Other operating expenses	(61,450)	(67,044)	(59,247)	(13,307)	(13,010)
Property Operating Expenses	(124,660)	(128,036)	(124,996)	(28,312)	(29,366)
NPI	202,163	217,981	250,408	63,164	66,741

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4.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

4.4.1 General Background

IGB REIT is a REIT established in Malaysia and constituted by the Deed. As IGB REIT is a newly established REIT, it has no historical operating results and financial information based on which recipients of this Prospectus and prospective investors in the Units may evaluate IGB REIT save for those of the Subject Properties to be acquired.

IGB REIT was 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, as well as Real Estate-Related Assets, with the key objective of providing Unitholders with regular and stable distributions, sustainable long term Unit price, and Distributable Income and capital growth, while maintaining an appropriate capital structure. Real Estate used primarily for retail purposes will include retail properties and mixed-use developments with a retail component. The Manager intends to seek to increase the income and, consequently, the value of the Subject Properties through the following:

- (i) optimising rental rates, occupancy rates and NLA of the Subject Properties in order to improve the returns from IGB REIT's property portfolio;
- (ii) sourcing for and acquiring properties that fit within IGB REIT's investment strategy to enhance returns to Unitholders and improve opportunities for future income and NAV growth; and
- (iii) endeavouring to employ an appropriate mix of debt and equity in financing acquisitions, and managing refinancing risk and interest rate risk by utilising interest rate hedging strategies in compliance with the REIT Guidelines.

Please refer to Section 1.3 "Strategies" of this Prospectus for further details.

The retail property sector in Malaysia remains highly competitive and is affected by, among other factors, the demand for, and the supply of, retail space which are in turn affected by economic conditions in Malaysia in general. The principal competitive factors include rental rates, quality and location of properties, supply of comparable space and changing needs of tenants. The accessibility of, and trade mix within, a retail property are also major factors in attracting shopper traffic and tenants.

4.4.2 Presentation of Financial Information

IGB REIT is a newly established REIT, and except for the Subject Properties to be acquired, IGB REIT has not had any portfolio of real estate since its establishment. No historical financial information has been prepared since IGB REIT's establishment. The Manager's intention is for IGB REIT's first audited financial period to be the period commencing on the date of establishment of IGB REIT and ending on 31 December 2012. In order to assist investors' evaluation of the factors which may affect IGB REIT's future financial results, the Manager has prepared the profit forecasts together with the related assumptions and information contained in Section 4.5.3 "Bases and Assumptions" of this Prospectus below which should be read together with the "Reporting Accountants' Letter on the Profit Forecasts" in Appendix E.

4.4.3 Factors Affecting IGB REIT's Financial Condition and Results of Operations

Rental Rates

The performance of IGB REIT's portfolio is primarily dependent on the revenue generated from the tenancies of the Subject Properties, as well as the operating expenses related to the Subject Properties.

Significant factors affecting Gross Rental Income include rental rates that the Subject Properties may command and occupancy rates. Rental rates for leases at the Subject Properties are mainly affected by the following:

- (i) competing properties within the locality;
- (ii) tenancy profiles (which include tenant mix) as different types of tenants pay different rental rates;
- (iii) tenure of tenancies;
- (iv) size of tenanted area, including proportion of NLA rented by anchor tenants;
- (v) sales performance or business conditions of tenants;
- (vi) shopper traffic, profile and spending patterns;
- (vii) the age and upkeep of the Subject Properties; and
- (viii) general macroeconomic and supply/demand trends affecting the real estate market, particularly the retail real estate market in Malaysia.

Occupancy Rates

Occupancy Rates of the Subject Properties will depend on supply/demand trends affecting the retail real estate markets, potential vacancy periods arising from tenancy expiries and/or early terminations, and rental rates of other competing properties within the locality. Please refer to Section 2.11 "Retail Property Competition" of this Prospectus.

Property Operating Expenses

Property Operating Expenses are not affected to the same degree as IGB REIT's Total Revenue by general economic trends affecting the real estate market in Malaysia, as a substantial part of its Property Operating Expenses are fixed in nature. As a result, to the extent that IGB REIT's Total Revenue is negatively affected by the abovementioned factors, its results of operations will be similarly negatively affected because it would not be easy for the Manager to reduce IGB REIT's costs without compromising the quality of retail environment and conditions of the Subject Properties.

Property Operating Expenses may be affected by a number of factors including, primarily:

- (i) the age, upkeep and upgrading of the Subject Properties;
- (ii) any maintenance and service charges levied and supply conditions of service providers;
- (iii) inflation and utilities tariff;

- (iv) cyclical effect of festive seasons which drive the marketing expenses; and
- (v) changes in quit rent and assessment levied by the local government and/or the State Authority where the Subject Properties are located; and
- (vi) premium hike on insurance coverage procured over the Subject Properties.

Please refer to Section 4.4.5 “Components of Total Revenue” and Section 4.4.6 “Components of Property Operating Expenses” of this Prospectus below.

Borrowing Costs

Borrowing costs consist of interest expense incurred on borrowings and amortisation of transaction costs on borrowings capitalised. Borrowing costs will depend on interest rates of borrowings incurred by IGB REIT. Please refer to the section “Borrowing and borrowing costs” under Section 4.4.4 “Significant Accounting Policies” of this Prospectus below for further details.

Fair Value of the Subject Properties and Cyclical

Independent professional valuation will be obtained at least once every three years in accordance with the REIT Guidelines or such other shorter interval as the Manager deems necessary and these valuations will be conducted on the bases and methods which are in accordance with the Asset Valuation Guidelines. Any increase or decrease in valuation will be credited or charged directly to IGB REIT’s statement of net property income as a fair value gain or loss on investment properties. The revaluation of the Subject Properties may therefore in the future result in significant fluctuations in the financial performance of IGB REIT.

Property values are affected by, among other factors, supply of and demand for comparable properties, any asset enhancement initiatives undertaken, interest rates and inflation. Retail property markets have historically been cyclical and future cyclical changes may result in fluctuations in the fair value of investment properties and IGB REIT’s financial condition.

4.4.4 Significant Accounting Policies

The following accounting policies are to be adopted by IGB REIT as at date of establishment.

Basis of preparation

The financial statements of IGB REIT will be prepared in accordance with Malaysian FRS as issued by the Malaysian Accounting Standards Board. The financial statements will be prepared under the historical cost convention, except as modified and disclosed in the accounting policies below.

Business combination under common control

IGB REIT applies predecessor accounting to account for business combinations under common control i.e. combination involving entities or businesses under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the holding company. The difference between any consideration given and

the aggregate carrying amounts of the assets and liabilities (at the date of the transaction) of the acquired business is recorded as an adjustment to retained earnings. No additional goodwill is recognised. Acquisition-related costs are expensed as incurred. The acquired business' assets and the related balance sheet items are recognised prospectively from the date on which the business combination between entities under common control occurred.

Investment Properties

Investment properties are held for long term rental yields or for capital appreciation or both, and are not substantially occupied by IGB REIT. Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value.

Fair value is based on investment method, where cash flows projections are capitalised using a capitalisation rate, which takes into account the unexpired period, yield and sinking fund, where applicable. Change in fair values is recognised in profit and loss for the period in which it arises.

The fair value of the investment property reflects the market conditions at the reporting date. It reflects, among others, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are reflected in liability whereas others relate to outflows that are not recognised in the financial statements until a later date.

Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

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

Investment properties are derecognised when they have been disposed. Where IGB REIT disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded within net gain from fair value adjustment on investment property.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to IGB REIT and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance

are charged to the statement of net property income during the period in which they are incurred.

Plant and equipment is depreciated on a straight line basis to write-off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Motor vehicles	20%
Furniture and fittings	12.5%
Equipment	12.5% - 17.5%
Information technology equipment	12.5% - 33 1/3%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. IGB REIT carries out assessment on residual values and estimated useful lives of assets on an annual basis.

At each reporting date, IGB REIT assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Please refer to accounting policy on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in profit/(loss) from operations in the statement of net property income.

Financial assets

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

Financial assets are recognised in the statement of financial position when, and only when, IGB REIT becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

IGB REIT classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for amounts not expected to be realised within twelve (12) months after the end of the reporting period which shall be classified as non-current assets.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

IGB REIT assesses at each financial position date whether there is objective evidence that loans and receivables is impaired. If there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor), they are tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of loans and receivables is reduced through use of an allowance account. Impaired assets are derecognised when they are assessed as uncollectible.

Loans and receivables are derecognised if IGB REIT's contractual rights to the cash flows from the financial assets expire or if IGB REIT transfers the financial asset to another party without retaining control or transfer substantially all the risks and rewards of the asset.

Gains and losses upon derecognition, impairment losses, and the amortisation of loans and receivables are recognised in statement of net property income.

Impairment of non-financial assets

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

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

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash in hand, deposits held at call with licensed financial institutions, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or vendors. Trade payables are classified as current liabilities if payment is due within one (1) year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables, deposits received from tenants and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Unitholders' capital

Unitholders' contributions are classified as equity when there is no obligation to transfer cash or other assets, nor they are redeemable at the unitholders' option. Any

consideration received or distributions paid is added or deducted directly from equity.

Incremental external costs directly attributable to the issue of new Units are shown in equity as a deduction, net of tax, from the proceeds.

Borrowing and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of net property income over the period of borrowings.

Borrowings are classified as current liabilities unless IGB REIT has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Revenue recognition

Revenue includes rental income, and service charges and promotional charges from properties.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When IGB REIT provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Other rent related and car park income is recognised in the accounting period in which the services being rendered.

Interest income is recognised on an effective yield basis.

Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of net property income during the lease period in which they are incurred.

Functional and presentation currency

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

4.4.5 Components of Total Revenue

IGB REIT's Total Revenue is the aggregate of Gross Rental Income and other income earned from the Subject Properties. IGB REIT's Total Revenue is substantially derived from its Gross Rental Income from the Subject Properties. Other income earned from the Subject Properties includes mainly car park income, other rental income (such as renting of kiosks, carts, storage, signages and ATMs), advertising and promotional income and cost recoveries.

Gross Rental Income

Gross Rental Income is the total amount payable by tenants (net of rent rebates) pursuant to a tenancy under a tenancy agreement. IGB REIT's tenancy agreements are generally

for a period of two or three years which is in line with the usual market practice in Malaysia. Gross Rental Income typically consists of (i) a base rent component, (ii) a percentage rent component (as described below), (iii) a service charge component, which is a contribution paid by tenants towards the operating expenses of the property and (iv) a promotional charge component, which is contribution paid by tenants for marketing purposes.

An increasing number of tenants have a provision in their tenancies for the payment of a percentage rent in addition to base rent. Percentage rent is calculated based on an agreed percentage of a tenant's monthly gross sales.

The majority of the tenancies contains provisions for the payment of percentage rent. The Manager believes that this proportion would increase over time as tenancies are renewed. Revenue from percentage rent is recognised by IGB REIT upon receipt of monthly sales statement from tenants. In addition, tenants are required to deliver their gross sales statement for each year, which is audited and certified without qualification by a firm of independent licensed auditors.

Other Income

Other income includes car park income, other rental income, advertising and promotional income and cost recoveries. Car park income includes income earned from the operation of the Subject Properties' car parks and depends on the car park rates and the utilisation rates of the car parks. Other rental income encompasses income from the renting of kiosks and carts, storage for tenants, signages of tenants and ATMs. Advertising and promotional income mainly consists of income from the renting of promotion space and sponsorship income from strategic business partners. Cost recoveries include recovery of utilities and operations and maintenance works carried out for the tenants in the Subject Properties and also tenants in adjacent office towers.

4.4.6 Components of Property Operating Expenses

The Property Operating Expenses include utilities and maintenance, housekeeping and landscaping cost, marketing expenses, staff cost, upgrading expenses, property assessment, insurance premiums and general and administrative expenses. On a pro forma basis, property management fees and reimbursables also form part of Property Operating Expenses.

Utilities

The single largest operating expense of IGB REIT consists of utility expenses incurred in the operation of the Subject Properties, such as electricity, liquified petroleum gas and water charges.

Maintenance

IGB REIT's maintenance expenses are mainly civil, mechanical and electrical maintenance, which covers lifts and escalators, air-conditioning, fire protection, security systems, car park systems, building automation systems and sewage and electrical systems.

Other Operating Expenses

These include mainly property management fees, property management reimbursables, marketing expenses, quit rent and assessment and general and administrative expenses.

- (i) *Property Management Fee* – Property management fee is the fee payable to the Property Manager. Please refer to Section 9.5 “Property Management Fee” of this Prospectus for further details.
- (ii) *Property Management Reimbursables* – Reimbursement costs relating to the employment by the Property Manager of the service providers pursuant to the Service Provider Agreements, as well as office and equipment rental.
- (iii) *Marketing Expenses* – Marketing expenses usually comprise advertisement production, advertisement placement, promotion events, visual merchandising, sponsorship, market survey and public relations.
- (iv) *Quit Rent and Assessment* – Quit rent is an amount prescribed by and payable to the State Authority. Assessment is calculated based on a rate as prescribed by the local authorities, on the annual value of the Subject Properties as assessed by the relevant local authorities.
- (v) *General and Administrative Expenses* – General and administrative expenses typically include depreciation, telecommunications expenses, transport and travel expenses, printing and stationery, legal/audit/tax fees, licence fees, entertainment, provision for doubtful debt and other miscellaneous expenses.
- (vi) *Insurance Expenses* – Insurance premiums are payable for coverage which includes (i) fire and special perils, (ii) consequential loss, (iii) machine and equipment and all risk, (iv) plate glass, (v) burglary and larceny, (vi) fidelity guarantee, (vii) employer’s liability, (viii) public liability, (ix) electronic equipment and (x) money.
- (vii) *Upgrading and Asset Enhancement Initiatives* – Expenses in relation to the continuous upgrading and asset enhancement initiatives programme which involves tenant and common area reconfiguration, car park and traffic upgrading, washroom and lobby area upgrading as well as external façade upgrading.
- (viii) *Housekeeping and Landscaping Expenses* – The main housekeeping expenses arise from contracted cleaning and pest control services whilst landscaping and gardening form the other main cost component.

4.4.7 Total Revenue and NPI Trends

The following table sets out information on the NLA, Total Revenue, and NPI derived from each of the Subject Properties as at and for the FY2009, FY2010, FY2011, FPE 2011 and FPE2012, respectively.

		Subject Properties		
		Mid Valley Megamall	The Gardens Mall	Total
Total NLA (’000 sq ft)	FY2009	1,706.5	799.6	2,506.1
	FY2010	1,706.0	817.3	2,523.3
	FY2011	1,729.1	814.9	2,544.0
	FPE2011	1,681.2	820.6	2,501.8
	FPE2012	1,717.6	816.7	2,534.3
Total Revenue (RM’000)	FY2009	231,686	95,137	326,823
	FY2010	243,110	102,907	346,017
	FY2011	260,530	114,874	375,404
	FPE2011	64,773	26,703	91,476
	FPE2012	66,420	29,687	96,107
NPI (RM’000)	FY2009	159,257	42,906	202,163
	FY2010	171,618	46,363	217,981
	FY2011	182,257	68,151	250,408
	FPE2011	47,888	15,276	63,164
	FPE2012	48,381	18,360	66,741

4.4.8 Occupancy Trends

The following table sets out Occupancy Rate of the Subject Properties as at 31 December 2009, 2010 and 2011 and 31 May 2012.

Subject Properties	Occupancy rate as at 31 December 2009 (%)	Occupancy rate as at 31 December 2010 (%)	Occupancy rate as at 31 December 2011 (%)	Occupancy rate as at 31 May 2012 (%)
Mid Valley Megamall	100.0	99.9	100.0	99.8
The Gardens Mall	96.7	98.2	99.6	99.7

As at 31 May 2012, Mid Valley Megamall and The Gardens Mall had occupancy rates of 99.8% and 99.7%, respectively. The Occupancy Rates for each Subject Property remained high, at not less than 96.0% throughout the period under review.

For a further description of the occupancy rates and occupancy profile of the Subject Properties, please refer to Section 2.2.3 “Tenancy Expiry Profile” and Section 2.2.4 “Occupancy Profile” of this Prospectus.

4.4.9 Results of Operations for FPE2012 Compared to Results of Operations for FPE2011

Total Revenue

IGB REIT's Total Revenue for FPE2012 increased by RM4.6 million or 5.0% to RM96.1 million from RM91.5 million for FPE2011. Total Revenue from Mid Valley Megamall and The Gardens Mall was RM66.4 million and RM29.7 million, or 69.1% and 30.9% of Total Revenue, respectively, for FPE2012, compared to RM64.8 million and RM26.7 million, or 70.8% and 29.2% of Total Revenue, respectively for FPE2011.

Total Revenue for FPE2012 principally comprised Gross Rental Income, which contributed 76.9% to Total Revenue.

Gross Rental Income – Gross Rental Income increased by RM3.2 million or 4.5% to RM73.9 million in FPE2012 from RM70.7 million in FPE2011. The increase was mainly attributable to higher rental rates for new and renewing tenants. Higher percentage rent and lower rent rebates at The Gardens Mall also contributed to the increase in FPE2012. Of the RM3.2 million increase, Mid Valley Megamall and The Gardens Mall contributed RM1.2 million and RM2.0 million, respectively.

Other Income – Revenue derived from other income increased by RM1.5 million or 7.2% to RM22.2 million in FPE2012 from RM20.7 million in FPE2011, primarily due to higher rental income from kiosks, higher cost recovery for utilities and higher car park collection income from the additional issuance of season passes in FPE2012.

Property Operating Expenses

Property Operating Expenses for FPE2012 increased by RM1.1 million or 3.9% to RM29.4 million from RM28.3 million for FPE2011. The increase was mainly due to the increase in utilities due to an increase in the electricity tariffs from June 2011.

Utilities – Utilities increased by RM1.1 million or 10.4% to RM11.7 million, for FPE2012 from RM10.6 million for FPE2011. This increase was mainly due to an increase in the electricity tariffs from June 2011.

Maintenance – Maintenance expenses increased by RM0.3 million or 6.8% to RM4.7 million for FPE2012 from RM4.4 million for FPE2011. The increase was mainly due to higher mechanical and electrical repair and maintenance expenses for air-conditioning parts at Mid Valley Megamall and lift and escalator parts at The Gardens Mall in FPE2012. The increase was also due to higher housekeeping services expenses, including for non-routine external high-rise cleaning expenses for The Gardens Mall.

Other Operating Expenses – Other operating expenses decreased by RM0.3 million or 2.3% to RM13.0 million for FPE2012 from RM13.3 million for FPE2011. The decrease was mainly due to lower depreciation as some assets were fully depreciated and lower property civil maintenance cost after improvement to signage and landscaping work at The Gardens Mall was completed in 2011.

NPI

As a result of the factors discussed above, NPI increased by RM3.6 million or 5.7% to RM66.7 million for FPE2012 from RM63.1 million for FPE2011.

4.4.10 Results of Operations for FY2011 Compared to FY2010

Total Revenue

Total Revenue increased by RM29.4 million or 8.5% to RM375.4 million in FY2011 from RM346.0 million in FY2010 primarily due to a RM19.1 million or 7.2% increase in Gross Rental Income. Total Revenue from Mid Valley Megamall and The Gardens Mall was RM260.5 million and RM114.9 million, or 69.4% and 30.6% of Total Revenue, respectively, in FY2011, compared to RM243.1 million and RM102.9 million, or 70.3% and 29.7% of Total Revenue, for Mid Valley Megamall and The Gardens Mall, in FY2010, respectively.

Gross Rental Income – Revenue derived from Gross Rental Income increased by RM19.1 million or 7.2% to RM285.8 million in FY2011 from RM266.7 million in FY2010 as a result of higher base rent, higher percentage rent and lower rent rebate, as further described below:

- (i) Of the overall increase of RM19.1 million in Gross Rental Income, Mid Valley Megamall contributed RM10.6 million, or 55.5%, as a result of the increase in its Gross Rental Income from RM189.6 million in FY2010 to RM200.2 million in FY2011, mainly due to higher percentage rent and higher rental rates secured for new and renewing tenants, as illustrated by the increase in average Gross Rental Income for Mid Valley Megamall on a per sq ft basis from RM9.69 per sq ft to RM10.21 per sq ft in FY2010 and FY2011, respectively.
- (ii) Of the overall increase of RM19.1 million in Gross Rental Income, The Gardens Mall contributed RM8.5 million, or 44.5%, as a result of the increase in its Gross Rental Income from RM77.1 million in FY2010 to RM85.6 million in FY2011, mainly due to a reduction of rent rebates and an increase in service charges as a result of higher occupancy in FY2011.

Other Income – Revenue derived from other income increased by RM10.3 million or 13.0% to RM89.6 million for FY2011 from RM79.3 million in FY2010, primarily due to increased car park collections arising from revised higher parking rates from September FY2010 and increased rental income from additional kiosks and carts. In addition, higher advertising and promotion income also contributed to the increase.

Property Operating Expenses

Property Operating Expenses decreased by RM3.0 million or 2.3% to RM125.0 million in FY2011 from RM128.0 million in FY2010. In both FY2011 and FY2010, other operating expenses were the largest component of IGB REIT's Property Operating Expenses and accounted for approximately 47.4% and 52.4% of Property Operating Expenses, in those respective periods. Property Operating Expenses from Mid Valley Megamall increased by RM6.8 million or 9.5% to RM78.3 million in FY2011 from RM71.5 million in FY2010. That increase in Property Operating Expenses was primarily due to higher property civil maintenance cost for washroom refurbishment and reconfiguration of the south entrance

of Mid Valley Megamall, higher staff costs and higher utility costs. Property Operating Expenses from The Gardens Mall fell by RM9.8 million or 17.3% to RM46.7 million in FY2011 from RM56.5 million in FY2010. That decrease in Property Operating Expenses was primarily due to lower other operating expenses, mainly attributable to lower property civil maintenance cost, as well as lower general expenses, advertising and promotion costs and staff costs.

Utilities – Utilities increased by RM1.9 million or 4.4% to RM45.5 million in FY2011 from RM43.6 million in FY2010. Mid Valley Megamall accounted for RM1.2 million of the increase in utilities, mainly due to higher electricity and liquefied petroleum gas (for food and beverage outlets) consumption and an increase in the electricity tariffs from June 2011. The Gardens Mall accounted for RM0.7 million of the increase in utilities, mainly due to increase in the electricity tariffs from June 2011.

Maintenance – Maintenance expenses increased by RM2.9 million or 16.7% to RM20.3 million in FY2011 from RM17.4 million in FY2010. Mid Valley Megamall accounted for RM1.4 million of the increase in maintenance expenses, mainly due to higher lift and escalator maintenance cost. The Gardens Mall accounted for RM1.5 million of the increase in maintenance expenses, mainly due to higher civil repair and maintenance cost. In addition, housekeeping expenses were also higher for both Subject Properties in FY2011 compared to FY2010.

Other Operating Expenses – Other operating expenses fell by RM7.8 million or 11.6% to RM59.2 million in FY2011 from RM67.0 million in FY2010. Mid Valley Megamall had a RM4.2 million increase in other operating expenses, mainly due to higher staff cost and higher property civil maintenance cost for washroom refurbishment and reconfiguration of the south entrance. However, The Gardens Mall had a RM12.0 million decrease in other operating expenses, mainly due to lower property civil maintenance costs, general expenses, advertising and promotion costs and staff cost.

NPI

As a result of the factors discussed above, IGB REIT recorded a NPI of RM250.4 million in FY2011 which represented a 14.9% increase from NPI of RM218.0 million in FY2010.

4.4.11 Results of Operations for FY2010 Compared to FY2009

Total Revenue

Total Revenue increased by RM19.2 million or 5.9% to RM346.0 million in FY2010 from RM326.8 million in FY2009, primarily due to a RM14.6 million or 5.8% increase in Gross Rental Income. Total Revenue from Mid Valley Megamall and The Gardens Mall was RM243.1 million and RM102.9 million, or 70.3% and 29.7% of Total Revenue, respectively, in FY2010, compared to RM231.7 million and RM95.1 million, or 70.9% and 29.1% of Total Revenue, for Mid Valley Megamall and The Gardens Mall, respectively, in 2009.

Gross Rental Income – Revenue derived from Gross Rental Income increased by RM14.6 million or 5.8% to RM266.7 million in FY2010 from RM252.1 million in 2009 as a result of higher percentage rent and lower rent rebates, as further described below:

- (i) Of the overall increase of RM14.6 million in Gross Rental Income, Mid Valley Megamall contributed RM8.8 million, or 60.3%, as a result of an increase in its Gross Rental Income from RM180.8 million in 2009 to RM189.6 million in FY2010, mainly due to higher percentage rent and higher rental rates secured for new and renewing tenants, as illustrated by the increase in average Gross Rental Income for Mid Valley Megamall on a per sq ft basis from RM9.22 per sq ft to RM9.69 per sq ft in FY2009 and FY2010, respectively.
- (ii) Of the overall increase of RM14.6 million in Gross Rental Income, The Gardens Mall contributed RM5.8 million, or 39.7%, as a result of an increase in its Gross Rental Income from RM71.2 million in 2009 to RM77.0 million in FY2010, mainly due to higher percentage rent and lower rent rebates.

Other Income – Revenue derived from other income increased by RM4.5 million or 6.0% to RM79.3 million for FY2010 from RM74.8 million in 2009, primarily due to higher car park collections, as product result of higher car park usage and revised higher parking rates from September FY2010. The increase in other income was also as a result of higher advertising and promotion income.

Property Operating Expenses

Property Operating Expenses increased by RM3.3 million or 2.7% to RM128.0 million in FY2010 from RM124.7 million in FY2009. In both FY2010 and FY2009, other operating expenses were the largest component of Property Operating Expenses and accounted for approximately 52.3% and 49.3% of Property Operating Expenses, in those respective periods. Property Operating Expenses from Mid Valley Megamall decreased by RM0.9 million or 1.2% to RM71.5 million in FY2010 from RM72.4 million in FY2009. The fall in Property Operating Expenses was primarily due to a decrease in utilities consumption and lower fit-out cost and lower electrical work maintenance expenses after the major replacement of light fittings for the car park was completed in FY2009. Property Operating Expenses from The Gardens Mall increased by RM4.3 million or 8.2% to RM56.5 million in FY2010 from RM52.2 million in FY2009. The increase in Property Operating Expenses was primarily due to property civil maintenance work on the rooftop garden of The Gardens Mall.

Utilities – Utilities fell by RM0.2 million or 0.5% to RM43.6 million in FY2010 from RM43.8 million in FY2009. Mid Valley Megamall had a RM0.5 million decrease in utilities, mainly due to lower electricity consumption. The Gardens Mall had a RM0.3 million increase in utilities, mainly due to higher consumption of chilled water.

Maintenance – Maintenance expenses fell by RM2.0 million, or 10.3%, to RM17.4 million in FY2010 from RM19.4 million in FY2009. Mid Valley Megamall accounted for RM0.3 million of the fall in maintenance expenses, mainly due to lower electrical work maintenance expenses after major replacement of light fittings for the car park was completed in FY2009. The Gardens Mall accounted for RM1.7 million of the decrease in maintenance expenses, mainly due to lower tenant refurbishment costs and lower housekeeping expenses.

Other Operating Expenses – Other operating expenses increased by RM5.6 million or 9.1% to RM67.0 million in FY2010 from RM61.4 million in FY2009. Mid Valley Megamall had a RM0.1 million decrease in other operating expenses, mainly due to lower staff cost.

The Gardens Mall had a RM5.7 million increase in other operating expenses, mainly due to property civil maintenance work on the rooftop garden of The Gardens Mall.

NPI

As a result of the factors discussed above, IGB REIT recorded a NPI of RM218.0 million in FY2010 which represented an increase of RM15.8 million or 7.8% from a NPI of RM202.2 million in FY2009.

4.4.12 Liquidity and Capital Resources

The Manager is of the opinion that IGB REIT's working capital would be sufficient for its present requirements as the Subject Properties have been enjoying healthy average collection efficiency of not less than 90.0% for the past three years, coupled with good sales performance from tenants which has contributed to the improvement of financial results of the Subject Properties. The Manager anticipates that IGB REIT's primary uses of cash would be to fund day-to-day operations, trust expenses, management fees, servicing of debt, distributions (to the extent there is Distributable Income), asset enhancement initiatives and future acquisitions.

Funding of the foregoing would come from a combination of cash from operations and borrowings. IGB REIT's expected gearing level upon Listing will be approximately 25.8% while the regulated maximum under the REIT Guidelines is 50.0% of its Total Asset Value at the time of borrowing.

4.4.13 Capital Expenditures

There has been no major capital expenditure in relation to the Subject Properties. However there is a continuous upgrading, renovating and refurbishment programme in respect of both the Subject Properties. Some of the examples under these programmes would include tenant and public area configuration, car park and traffic upgrading, washroom and lobby area upgrading, external façade upgrading, as well as entrance and exit upgrading. As the above reconfiguration and upgrading are expensed on an "as incurred" basis, the Manager does not expect there will be any major capital expenditure during the Forecast Period 2012 and the Forecast Year 2013.

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4.4.14 Asset Enhancement Initiatives

The Manager has undertaken continuous upgrading, renovations and refurbishments of the Subject Properties. The Manager plans to continue carrying out asset enhancement initiatives in order to optimise the lettable area and improve the overall ambience and aesthetics of the Subject Properties. The following table sets out details of historical and proposed asset enhancement initiatives in relation to the Subject Properties for the periods indicated.

Asset Enhancement Initiatives	FY2009 (RM'000)	FY2010 (RM'000)	FY2011 (RM'000)	FY2012 ⁽¹⁾ (RM'000)	FY2013 ⁽²⁾ (RM'000)
Mid Valley Megamall	6,221	6,274	9,491	5,000	5,000
The Gardens Mall	1,374	1,075	1,397	1,250	1,250
Total	7,595	7,349	10,888	6,250	6,250

Notes:

(1) Based on the sum of the six-month period ended 30 June 2012 and the Forecast Period 2012.

(2) Based on the Forecast Year 2013.

4.4.15 Changes to Accounting Policies

IGB REIT's pro forma net property income has been compiled based on the Vendors' audited financial statements for the FY2009, FY2010, FY2011 and unaudited management financial statements for FPE2011 and FPE2012. The audited financial statements for the FY2009, FY2010, FY2011 and unaudited management financial statements for FPE2011 are prepared in accordance with Financial Reporting Standards. With effect from 1 January 2012, the Vendors have adopted the new International Financial Reporting Standards-compliant framework, Malaysian FRS. The unaudited management financial statements for FPE2012 are prepared in accordance with Malaysian FRS. The adoption of Malaysian FRS has no significant impact on the pro forma net property income of the Vendors. The pro forma net property income has been prepared in a manner consistent with the format and the accounting policies to be adopted by IGB REIT. The Manager, having made due enquiry, believes that the adoption of such accounting policies does not give rise to any material impact on the pro forma net property income for IGB REIT.

4.5 PROFIT FORECASTS

Statements contained in this “Profit Forecasts” section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section of the Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecasts. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction by any of IGB REIT, the Manager, the Offeror, the Sponsor, the Trustee, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters, the Joint Underwriters or any other person that the underlying assumptions will materialise, or that these results will be achieved or are likely to be achieved. See the Section on “Forward-looking Statements” and Section 5 “Risk Factors” of this Prospectus for further details. Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this Prospectus.

None of IGB REIT, the Manager, the Offeror, the Sponsor, the Trustee, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters or the Joint Underwriters guarantees the performance of IGB REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast yields stated in the following table are calculated based on the Retail Price of RM1.25.

Such yields will vary accordingly for investors who purchase Units at a price that differs from the Retail Price.

Investors are cautioned that rental yield on the Subject Properties to be held by IGB REIT is not equivalent to the yield of the Units. Current rental receipts and yields may not sustain. The values of the Subject Properties may rise as well as fall.

The following table shows IGB REIT’s Profit Forecasts for the Forecast Period 2012 and the Forecast Year 2013. The financial year end of IGB REIT is 31 December. The Forecast Period 2012 has been prepared assuming that the first financial year is the six-month period ending 31 December 2012, and assuming a date of establishment of IGB REIT of 1 July 2012. The Profit Forecasts may be different to the extent that the establishment date of IGB REIT is other than 1 July 2012. The Profit Forecasts are based on the assumptions set out below and have been examined by the Reporting Accountants and should be read together with the “Reporting Accountants’ Letter on the Profit Forecasts” set out in Appendix E, as well as the assumptions and the sensitivity analysis set out in this section of the Prospectus.

Profit Forecasts

	Forecast Period 2012 ⁽¹⁾ (RM'000)	Forecast Year 2013 ⁽²⁾ (RM'000)
Gross Rental Income	154,712	321,026
Other Income	43,076	87,077
Total Revenue	197,788	408,103
Utilities Expenses	(23,425)	(48,256)
Maintenance Expenses	(10,436)	(21,498)
Quit Rent and Assessment	(5,277)	(10,554)
Other Operating Expenses	(26,305)	(51,203)
Property Operating Expenses	(65,443)	(131,511)
Net Property Income	132,345	276,592
Interest Income	1,494	4,284
Net Investment Income	133,839	280,876
Manager's management fees	(13,563)	(27,711)
Trustee's Fee	(140)	(280)
Other Trust Expenses	(1,000)	(2,000)
Borrowing Costs	(27,396)	(54,791)
Profit before Taxation	91,740	196,094
Taxation	-	-
Profit after Taxation	91,740	196,094
Add: Non cash items ⁽³⁾	16,992	34,382
Distributable Income	108,732	230,476
Number of Units in issue (in million) ⁽⁴⁾	3,411	3,433
Distribution rate	100.00%	100.00%
Distribution per Unit (sen) ⁽⁵⁾⁽⁶⁾	6.38	6.71
Retail Price (RM/Unit)	1.25	1.25
Distribution Yield on Retail Price⁽⁶⁾	5.10%	5.37%

Notes:

(1) The six-month period commencing from 1 July 2012 and ending on 31 December 2012.

(2) The 12-month period commencing from 1 January 2013 and ending on 31 December 2013.

(3) Non cash items comprise the Management Fee payable in Units, amortisation of fit out incentives, amortisation of capitalised borrowing costs and depreciation of plant and equipment.

(4) The increase in the number of Units in issue is a result of the assumed payment of 100.0% of the Management Fee for the relevant period in the form of Units, issued at an assumed issue price of RM1.25 per Unit.

(5) Assumes a date of establishment of IGB REIT of 1 July 2012.

(6) Distribution for the Forecast Period 2012 has been annualised.

4.5.1 PROJECTED INCOME

The following sets out the forecast Total Revenue and NPI of each of the Subject Properties for the Forecast Period 2012 and the Forecast Year 2013.

	Forecast Period 2012	Forecast Year 2013
	(RM'000)	(RM'000)
Total Revenue		
Mid Valley Megamall	140,111	290,197
The Gardens Mall	57,677	117,906
Total	197,788	408,103
Net Property Income		
Mid Valley Megamall	100,198	211,000
The Gardens Mall	32,148	65,592
Total	132,345	276,592

4.5.2 DIRECTORS' ANALYSIS AND COMMENTARY

The directors of the Manager confirm that the Profit Forecasts of IGB REIT and the underlying bases and assumptions stated herein have been reviewed by the directors of the Manager. After due and careful inquiries, with the directors of the Manager taking into account the future prospects of the industry, the future direction of IGB REIT and its level of gearing, liquidity and working capital requirements, the directors of the Manager are of the opinion that the Profit Forecasts of IGB REIT are achievable and the assumptions made are reasonable at the time of issue of this Prospectus, barring unforeseen circumstances.

Nevertheless, the bases and assumptions are inherently subject to significant business, economic and competitive uncertainties and contingencies, which are beyond the Manager's control. Therefore, future events, regionally and globally, may have a material impact on the actual results of IGB REIT during the Forecast Period 2012 and the Forecast Year 2013.

4.5.3 BASES AND ASSUMPTIONS

The Manager has prepared the Profit Forecasts on the following bases and assumptions. The Manager considers these bases and assumptions to be appropriate and reasonable as at the date of this Prospectus. However, investors should consider these bases and assumptions as well as the Profit Forecasts and make their own assessment of the future performance of IGB REIT.

4.5.3.1 Total Revenue

For the Forecast Period 2012 and the Forecast Year 2013, the Manager's forecast Total Revenue is RM197.8 million and RM408.1 million, respectively. Total Revenue consists of Gross Rental Income and Other Income (both as defined herein).

Gross Rental Income

Gross Rental Income comprises base rent, service and promotional charges and percentage rent.

Mid Valley Megamall contributes RM109.6 million and RM228.3 million to the Gross Rental Income for the Forecast Period 2012 and the Forecast Year 2013, respectively.

The Gardens Mall contributes RM45.2 million and RM92.7 million to the Gross Rental Income for the Forecast Period 2012 and the Forecast Year 2013, respectively.

Base rent

The Manager has assumed the following in arriving at the forecast base rent for the tenancies of the Subject Properties for the Forecast Period 2012 and the Forecast Year 2013:

- (i) base rent is forecast based on committed tenancies for the Forecast Period 2012 and the Forecast Year 2013 (as at 10 April 2012);
- (ii) expiring tenancies in the Forecast Period 2012 and the Forecast Year 2013 are assumed to be renewed based on:
 - (a) previously negotiated rates;
 - (b) the Manager's assumed renewal rates; or
 - (c) remaining tenancies assumed to be renewed at a 5.0% increase in base rent at Mid Valley Megamall and 15.0% increase in base rent at The Gardens Mall. This increase in base rent was assumed after taking into consideration each property's age profile, existing rental rates, market conditions as well as tenancy demand; and
- (iii) the Manager has assumed a provision for vacancy allowance of 3.0% of base rent for Mid Valley Megamall and The Gardens Mall, respectively based on its forecast base rent for each Subject Property. The provision for vacancy allowance is for the vacancy period before the rent becomes payable under the new tenancy and to cover changeover of tenancies and loss of income.

Service and promotional charges

Service charges are contributions paid by tenants for the operating expenses of each of the Subject Properties and promotional charges are paid by each tenant to contribute to the marketing activities of the Subject Properties. The charges are computed based on the amount of space occupied by the respective tenants.

The service and promotional charges at Mid Valley Megamall for the Forecast Period 2012 and the Forecast Year 2013 are forecast to be RM8.9 million and RM23.3 million respectively.

The service and promotional charges at The Gardens Mall for the Forecast Period 2012 and the Forecast Year 2013 are forecast to be RM11.9 million and RM23.7 million, respectively.

The Manager has applied a vacancy allowance of 3.0% to its forecast service and promotion charges for the Subject Properties.

Percentage rent

Percentage rent is generally calculated based on a percentage of the total gross sales generated by each tenant, where applicable, during each relevant period. The Manager has assumed a 5.0% increase per annum in percentage rent for both Mid Valley Megamall and The Gardens Mall in the Forecast Period 2012 and the Forecast Year 2013.

The percentage rent for the Forecast Period 2012 and the Forecast Year 2013 are forecast to be RM19.3 million and RM40.5 million, respectively.

Other Income

Other Income consists of (i) car park income (ii) advertising and promotional income, (iii) utilities recoverable, (iv) kiosk rent and other leasing income, and (v) miscellaneous income ("**Other Income**").

Car park income

Car park income is mainly made up of two components, hourly car park collections and season passes. As of 1 April 2012, the average car park season pass rate was raised by 50.0%.

Car park income for the Forecast Period 2012 and the Forecast Year 2013 are forecast to be RM21.5 million and RM43.1 million, respectively, based on historical car park income levels and revised car park season pass rate. The Subject Properties currently have 10,220 car park lots. Car park income contributes 50.0% and 49.5% to Other Income for the Forecast Period 2012 and the Forecast Year 2013, respectively.

Advertising and promotional income

Advertising and promotional income is generated from advertising income, leasing of promotional space and sponsorship activities. The Manager has assumed a 3.0% increase per annum in advertising and promotional income for both Mid Valley Megamall and The Gardens Mall.

Advertising and promotional income is forecast to be RM4.5 million and RM9.2 million for the Forecast Period 2012 and the Forecast Year 2013 and contributes 10.4% and 10.6% to Other Income for the Forecast Period 2012 and the Forecast Year 2013, respectively.

Utilities recoverable

IGB REIT would engage in intermediary distribution of utilities whereby it supplies mainly electricity, liquefied petroleum gas ("**LPG**") and water to tenants, office towers and/or hotels within Mid Valley City. The Manager has assumed a 3.0% increase per annum in utilities recoverable for both Mid Valley Megamall and The Gardens Mall in line with 3.0% assumed increase in utilities charges set out below.

For the Forecast Period 2012 and the Forecast Year 2013, the utilities recoverable are forecast to be RM7.6 million and RM15.7 million, respectively. Utilities recoverable contribute 17.6% and 18.0% to Other Income for the Forecast Period 2012 and the Forecast Year 2013, respectively.

Kiosk rent and other leasing income

Kiosk rent and other leasing income includes rent received from leasing of kiosks, carts, ATM machines and storage space at the Subject Properties.

4.5.3.2 Property Operating Expenses

For the Forecast Period 2012 and the Forecast Year 2013, the Manager's forecast Property Operating Expenses to be RM65.4 million and RM131.5 million, respectively. Property Operating Expenses consists of utilities, maintenance, quit rent and assessment and other operating expenses.

Utilities

Utilities refers to electricity, LPG and water charges. The Manager has assumed an increase in utilities charges of 3.0% for the Forecast Period 2012 and the Forecast Year 2013.

For the Forecast Period 2012 and the Forecast Year 2013, the Manager expects the Subject Properties to incur utilities charges of RM23.4 million and RM48.3 million, respectively.

Maintenance

Maintenance refers to, among others, the cost of upkeep of civil works, air conditioning systems, security systems, lifts and escalators, car parks, fire protection systems and building automated systems. The Manager has assumed an increase in maintenance expenses of 3.0% per annum for the Forecast Period 2012 and the Forecast Year 2013, respectively.

For the Forecast Period 2012 and the Forecast Year 2013, the Subject Properties are expected to incur maintenance charges of RM10.4 million and RM21.5 million respectively.

Quit rent and assessment

Quit rent and assessment is an amount prescribed and payable to the state government and local council on the Subject Properties. Assessment is computed based on the rate prescribed by the local council on the annual value of the Subject Properties.

These expenses are estimated to be RM5.3 million and RM10.6 million for the Forecast Period 2012 and the Forecast Year 2013, respectively.

Other operating expenses

Upgrade expenses

Upgrade expenses refer to the costs of asset enhancement initiatives for the Subject Properties including, but not limited to, renovations, reconfiguration of retail space, upgrades of public amenities and other ongoing projects.

The Manager has assumed RM3.8 million and RM5.0 million for upgrade expenses at Mid Valley Megamall for the Forecast Period 2012 and the Forecast Year 2013, respectively. The forecast upgrade expenses at The Gardens Mall are estimated at RM0.6 million and RM1.3 million for the Forecast Period 2012 and the Forecast Year 2013, respectively.

Property management fee and reimbursable

Pursuant to the Property Management Agreement, the property management fee amounts to RM20,000 per month (excluding service tax). The Property Manager is also entitled to full reimbursement of costs and expenses incurred in the operation, maintenance, management and marketing of the Subject Properties (including but not limited to the cost relating to the employment and remuneration of on-site staff provided) ("**Permitted Expenses**") as well as service fees and reimbursements for Permitted Expenses payable to its services provider(s), provided that such reimbursable amounts are (i) approved under the annual business plan and budget for the Subject Properties or incurred with prior approval by the Trustee and the Manager and (ii) supported by receipts, vouchers or other evidence of payment acceptable to the Manager and the Trustee.

The Manager forecasts the property management fee and reimbursable for the Forecast Period 2012 and the Forecast Year 2013 to amount to RM12.0 million and RM24.6 million, respectively.

4.5.3.3 Management Fee

For the Forecast Period 2012 and the Forecast Year 2013, the Management Fee will be computed based on the following:

- (i) base fee of 0.3% per annum of the Total Asset Value of IGB REIT (excluding cash and bank balances which are held in non-interest bearing accounts)¹; and
- (ii) performance fee of 5.0% per annum of NPI of the Subject Properties.

The Manager will be paid the Management Fee in the form of cash, Units or a combination of both. For the Forecast Period 2012 and the Forecast Year 2013, the Manager intends to receive up to 100% of its Management Fee in the form of Units. For the purposes of the Profit Forecasts, it is assumed that 100.0% of the Management Fee will be paid in Units for both the Forecast Period 2012 and the Forecast Year 2013.

¹ For the avoidance of doubt, the Base Fee is applicable to cash and bank balances in interest bearing accounts. Pursuant to the REIT Guidelines, not more than 25.0% of IGB REIT's Total Asset Value may be invested in Non-Real Estate-Related Assets and/or cash, deposits and money market instruments. For further details of the investment limits of IGB REIT, please refer to Section 1.3.4 "Authorised Investments and Investment Limits" of this Prospectus.

4.5.3.4 Trustee's Fee

The fee payable to the Trustee is 0.03% per annum of the NAV of IGB REIT, subject to a maximum of RM280,000 per annum.

For the Forecast Period 2012 and the Forecast Year 2013, it is assumed that the Trustee's Fee is RM140,000 and RM280,000, respectively.

4.5.3.5 Other Trust Expenses

Other trust expenses of IGB REIT consist of annual audit fees, taxation fees, valuation fees, market research fees, public relations expenses and other expenses relating to preparation and distribution of reports to Unitholders, together with other miscellaneous expenses such as postage, printing and stationery. Factors such as IGB REIT's total assets, number of investors, and inflation rates are likely to be positively related to trust expenses.

4.5.3.6 Interest Income

Interest income is assumed to be earned at an interest rate of 3.0% per annum applied to cash held in interest-bearing/fixed deposit accounts with licensed financial institutions.

4.5.3.7 Borrowings Cost

To part finance the Acquisitions, IGB REIT will obtain the Syndicated Financing Facilities as described in Section 3.10 "REIT Financing" of this Prospectus and the Manager has assumed a drawdown of RM1,200 million from the FRTL upon Listing. The FRTL carries a fixed effective interest rate of 4.55% per annum. In addition, the Manager has assumed a partial drawdown of RM12.6 million from the SBRC which carries an assumed interest rate of 4.06% per annum.

4.5.3.8 Taxation

- (i) IGB REIT will be exempted from income tax provided that IGB REIT distributes 90.0% or more of its total income as defined in the Income Tax Act to its Unitholders within two months from the close of its financial year which forms the basis period for the year of assessment of IGB REIT. The first distribution, which will be in respect of the period from the date of establishment of IGB REIT to 31 December 2012, will be paid by the Manager within two months from the end of the financial period ending 31 December 2012. Please refer to Section 1.6 "Distribution Policy" of this Prospectus for further details.

No current tax liabilities have been forecast during the Forecast Period 2012 and the Forecast Year 2013 as it is assumed that at least 90.0% of IGB REIT's total income (as defined in the Income Tax Act) will be distributed to Unitholders within two months after the close of the financial year.

- (ii) The Profit Forecasts do not take into consideration the possible implementation of a goods and services tax as its implementation has been deferred by the Government. The Profit Forecasts is prepared based on the assumption that the GST will not be implemented during the Forecast Period 2012 and the Forecast Year 2013.

4.5.3.9 Investment Properties and Valuation

For the purpose of the Profit Forecasts, the Manager has assumed that there will be no material fluctuation on the fair value of the Subject Properties of RM4,600 million.

4.5.3.10 Distribution of Income

The Manager has assumed that IGB REIT will distribute 100% of its Distributable Income for the Forecast Period 2012 and the Forecast Year 2013.

4.5.3.11 General Assumptions

- (i) save for Units assumed to be issued to the Manager under Section 4.5.3.3 “Management Fee” of this Prospectus, the assets portfolio and structure of IGB REIT remains unchanged, with no further drawdown of the FRTL and the SBRC (save as disclosed above in Section 4.5.3.7 “Borrowings Cost” of this Prospectus) or issuance of Units for cash;
- (ii) it is assumed that all Units to be issued will be fully subscribed at the Retail Price of RM1.25 per Unit;
- (iii) there will be no significant change to the principal activities of IGB REIT;
- (iv) all tenancies are enforceable and will be performed in accordance with their terms with no premature termination of tenancies;
- (v) there will be no major changes in the prevailing inflation rate, property expenses, the REIT financing costs and trust expenses of IGB REIT other than forecast;
- (vi) significantly all revenue receivable by IGB REIT, such as rental proceeds, will be received within the credit term for such receivables;
- (vii) there will be no major changes in IGB REIT’s operations that will adversely affect the performance of IGB REIT;
- (viii) there will be no material contingent liabilities arising during the Forecast Period 2012 and the Forecast Year 2013, which may adversely affect the Profit Forecasts. IGB REIT will not be engaged in any material litigation and there will be no legal proceedings which will affect IGB REIT’s activities or performance or give rise to additional contingent liabilities which may materially affect the results of IGB REIT;
- (ix) it has been assumed that there will be no major changes in the Malaysian FRS issued by the Malaysian Accounting Standards Board or other financial reporting requirements that may have a material effect on the Profit Forecasts;
- (x) there will be no adverse economic, political or property market conditions which will materially affect the activities and performances of the Subject Properties;
- (xi) there will be no major changes to present legislation or Government regulations, tax rates and basis of taxation in Malaysia which will adversely affect the operations of IGB REIT or the markets in which it operates;

- (xii) there will be no major disruption in the operations and there will be no other events and abnormal factors including war, terrorism attacks, epidemic outbreak or natural disaster, which will adversely affect the operations of IGB REIT;
- (xiii) there will be no major industrial disputes or any other abnormal factors or changes that will significantly affect IGB REIT's operations or rental rate or disrupt its planned operations; and
- (xiv) there will be no significant changes in the terms and conditions of material contracts and agreements, including but not limited to, the SPAs, the Deed, the tenancy agreements and the Property Management Agreement.

4.5.4 SENSITIVITY ANALYSIS

The Profit Forecasts are based on a number of assumptions that have been outlined in Section 4.5.3 "Bases and Assumptions" of this Prospectus. The Profit Forecasts are also subject to a number of risks as outlined in Section 5 "Risks Factors" of this Prospectus. The actual performance of IGB REIT and the Subject Properties could differ materially from the forward-looking statements in this Prospectus.

Investors should be aware that future events cannot be predicted with any certainty and that deviations from the figures forecast in this Prospectus are to be expected. Depicted below is the sensitivity analysis on IGB REIT's DPU for the Forecast Period 2012 and the Forecast Year 2013 as a result of changes in vacancy allowance, Other Income and Property Operating Expense for the Subject Properties. The assumptions for these items have been set out in Section 4.5.3 "Bases and Assumptions" of this Prospectus.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any of the aforementioned variables beyond the extent shown.

(i) **Impact of variations in the vacancy allowance for the Gross Rental Income of the Subject Properties on DPU**

Vacancy Allowance for the Gross Rental Income of the Subject Properties	DPU (sen)	
	Forecast Period 2012 ⁽¹⁾	Forecast Year 2013
1.0% vacancy allowance	6.54	6.88
Base case: 3.0% vacancy allowance	6.38	6.71
5.0% vacancy allowance	6.21	6.54

Note:

(1) Represents an annualised DPU.

(ii) **Impact of variations in the percentage rent of the Subject Properties on DPU⁽¹⁾**

Percentage Rent	DPU (sen)	
	Forecast Period 2012 ⁽²⁾	Forecast Year 2013
5.0% above assumed percentage rent	6.43	6.77
Base case: Assumed percentage rent ⁽³⁾	6.38	6.71
5.0% below assumed percentage rent	6.18	6.65

Notes:

(1) The sensitivity shown on percentage rent assumes no change in base rent from the Profit Forecasts, as base rent has been forecast based on committed tenancies and previously negotiated rates.

(2) Represents an annualised DPU.

(3) The assumed percentage rent for the Forecast Period 2012 and the Forecast Year 2013 are RM19.3 million and RM40.5 million, respectively.

(iii) **Impact of variations in the Property Operating Expenses on DPU**

Property Operating Expenses	DPU (sen)	
	Forecast Period 2012 ⁽¹⁾	Forecast Year 2013
5.0% below assumed Property Operating Expenses	6.57	6.91
Base case: Assumed Property Operating Expenses ⁽²⁾	6.38	6.71
5.0% above assumed Property Operating Expenses	6.18	6.52

Notes:

(1) Represents an annualised DPU.

(2) The assumed Property Operating Expenses for the Forecast Period 2012 and the Forecast Year 2013 are RM65.4 million and RM131.5 million, respectively.

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5. RISK FACTORS

An investment in the Units involves risk. Prospective investors should rely on their own evaluation and carefully consider the following risk factors in addition to other information contained elsewhere in this Prospectus, before investing in the Units.

This Prospectus contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results of IGB REIT could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Prospectus. If any of the risks described herein actually occur, IGB REIT's business, prospects, financial condition, results of operations and ability to make distributions could be negatively affected, the trading price of the Units could decline and investors may lose all or part of their investment.

Unless specified or quantified in the relevant risk factors set out herein, the Manager is not in a position to quantify the financial or other implication of any of the risks described in this section. In addition, the following risk factors may not be exhaustive and additional risks and uncertainties not presently known to IGB REIT or the Manager, or which are currently deemed to be immaterial may become material in the future, which would have a material adverse effect on IGB REIT or the trading price of the Units.

As an investment in a REIT is meant to produce stable income distributions, investors should not expect to realise a significant proportion of their returns in IGB REIT in the form of capital gains.

Investors should be aware that the trading price of the Units may fluctuate. Investors should also note that they may not get back their original investment.

5.1 RISKS RELATING TO THE SUBJECT PROPERTIES

5.1.1 The Subject Properties have tenancy cycles in which a substantial number of the tenancies expire in certain years.

A substantial number of the Subject Properties' tenancies are for terms of two or three years, which exposes the Subject Properties to significant rates of tenancy expiries each tenancy cycle.

The Subject Properties have tenancy cycles in which a substantial number of tenancies expire in certain years, with 16.5%, 26.8% and 36.6% of the tenancies by Occupied NLA of Mid Valley Megamall and 14.2%, 54.2% and 31.4% of the tenancies by Occupied NLA of The Gardens Mall, expiring in FY2012, FY2013 and FY2014, respectively, as at 31 May 2012.

The concentration of tenancy expiries heightens IGB REIT's exposure to the typical risks associated with tenancy expiries, including the risk of vacancies following non-renewal of tenancies, reduced occupancy rates and lower Gross Rental Income.

If key tenants or a large number of tenants decide not to renew their tenancies and in the event that new tenants are unable to be secured or are secured after a long vacancy period or at lower rates, the income of IGB REIT and distributions to Unitholders will be adversely affected.

5.1.2 The Subject Properties may face increasing competition from other retail properties as well as other retail channels.

The Subject Properties are located in areas where other competing retail properties are present and new retail properties may be developed which may compete with the Subject Properties. The appeal and attractiveness of the Subject Properties may decrease in the future, especially if new shopping centres are built and/or existing properties undergo upgrading and the Subject Properties fail to keep pace.

The income from the Subject Properties will be dependent on the ability of the Subject Properties to compete against other retail properties for tenants. If, in the future, competing retail properties are more successful in attracting and retaining tenants, the income from the Subject Properties could be reduced, thereby adversely affecting IGB REIT's cash flow and the amount of funds available for distribution to Unitholders.

5.1.3 The loss of key tenants of the Subject Properties, a downturn in the businesses of the Subject Properties' key tenants or any breach by the key tenants of their obligations under their tenancy agreements may have a material adverse effect on the financial conditions and results of operations of IGB REIT.

The ten largest tenants of Mid Valley Megamall and The Gardens Mall accounted for approximately 21.3% and 24.6% of the total Gross Rental Income of the respective Subject Property as at 31 May 2012. Accordingly, IGB REIT's financial condition and results of operations and ability to make distributions may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of one or more of these tenants, as well as the decision by one or more of these tenants not to renew its tenancy. New tenants on the same terms (or no less favourable terms) may not be found in time or at all.

Further, in the event that any key tenants of the Subject Properties are unable to pay their rent or breach their obligations under the tenancy agreements, IGB REIT's financial condition and results of operations and ability to make distributions may be adversely affected. The performance of the key tenants' other businesses could also have an impact on their ability to make rental payments to IGB REIT. The departure of key tenants could also impact the interests of potential and existing tenants in the Subject Properties as well.

Factors that affect the ability of such key tenants to meet their obligations include, but are not limited to:

- (i) general economic conditions;
- (ii) their operating results;
- (iii) the local economies in which they have business operations; and
- (iv) the ability of such key tenants to compete with their competitors.

5.1.4 The Subject Properties may require significant capital expenditure beyond the Manager's current estimate and IGB REIT may not be able to secure funding.

The Subject Properties may require significant capital expenditure beyond the Manager's current estimate. IGB REIT may not be able to fund capital improvements solely from cash derived from its operating activities or obtain additional equity or debt financing on favourable terms or at all. If IGB REIT is not able to procure such financing, the Manager

may be unable to refurbish, renovate or improve the Subject Properties which may adversely affect rental negotiations and rental rates. IGB REIT may also require additional debt and equity financing to fund future expansion, operational needs and debt service payments. Without the required funding, IGB REIT may not be able to sufficiently fund capital improvements, carry out its operations effectively or respond to competitive pressures.

5.1.5 Transportation infrastructure near the Subject Properties may be redirected, relocated, terminated, delayed or not completed.

There is no assurance that the existing and/or planned transportation infrastructure and public transport services around the Subject Properties will not be redirected, relocated, terminated or delayed. Currently, the infrastructure around the Subject Properties includes the Mid Valley KTM Komuter station which is directly connected to Mid Valley Megamall and the Abdullah Hukum KL LRT station. According to the Independent Property Market Consultant, there is a proposed linkage from Mid Valley City to the Abdullah Hukum KL LRT station via the upcoming KL Eco City. Further, the draft Greater Kuala Lumpur / Klang Valley Land Public Transport Masterplan released by the Land Public Transport Commission includes plans for an upcoming MRT 2 Circle Line, an orbital line of the Mass Rapid Transit system that will link areas such as Mid Valley City, Mont' Kiara, Sentul Timur, Ampang and the MATRADE development. This railway system is targeted to be completed by 2020. If the current infrastructure or planned infrastructure is redirected, relocated, terminated or not approved, it may have an adverse effect on the accessibility of the Subject Properties, including reducing the flow of shopper traffic to the Subject Properties. This may then have an adverse effect on the demand, appeal and the rental rates for the Subject Properties and have an adverse effect on the financial condition and results of operations of IGB REIT.

5.1.6 IGB REIT may be adversely affected by construction or development works around the vicinity of the Subject Properties, including the further development of Mid Valley City.

Construction or development works around the vicinity of the Subject Properties, including the planned construction of a bridged walkway from The Gardens Mall to Abdullah Hukum KL LRT station, the proposed KL Monorail station and the KL Eco City project may cause physical damage to the Subject Properties or disruption to the operations of IGB REIT, especially given that the Subject Properties are located on adjacent sites. Any damage to the Subject Properties may result in disruption to the business and operations of tenants and may result in IGB REIT being unable to collect Gross Rental Income on space affected by such damage. Shopper traffic could also be affected by potential inconveniences resulting from such damage and from the further development of Mid Valley City around the Subject Properties. This may then have an adverse effect on the revenue generated by the Subject Properties and on the financial condition and results of operations of IGB REIT.

5.1.7 Renovations, asset enhancement works and physical damage to the Subject Properties may disrupt the business and operations of the Subject Properties and collection of Gross Rental Income or otherwise resulting in an adverse impact on the financial condition of IGB REIT.

The quality and design of the Subject Properties have a direct influence over the demand for space in, and the rental rates of, the Subject Properties. The Subject Properties may need to undergo renovation, upgrading, development, redevelopment or asset enhancement programmes from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining retail properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the buildings age. In addition, the Subject Properties may be required to undergo rectification works to comply with local regulatory requirements. The business and operations of the Subject Properties may suffer some disruption and it may not be possible to collect any Gross Rental Income in full, or at all, on space affected by such renovation or redevelopment works. Any inconvenience caused may also potentially lower shopper traffic.

In addition, physical damage to the Subject Properties resulting from fire or other causes may lead to a significant disruption to the business and operation of the Subject Properties and, together with the foregoing, may impose unbudgeted costs on IGB REIT and result in an adverse impact on the financial condition and results of operations of IGB REIT and its ability to make distributions.

5.1.8 The Subject Properties might be adversely affected if the Manager and the Property Manager do not provide adequate management and maintenance.

Should the Manager and the Property Manager fail to provide adequate management and maintenance, the value of the Subject Properties might be adversely affected and this may result in the loss of tenants or lower rental rates, which will adversely affect the financial condition of IGB REIT and its ability to make distributions to Unitholders.

Failure to provide adequate management and maintenance to the Subject Properties may also lead to a decrease in shopper traffic, with shoppers being attracted to the competitors of the Subject Properties. This will affect the financial performance of IGB REIT.

5.1.9 IGB REIT may suffer material losses in excess of insurance proceeds or IGB REIT may not put in place or maintain adequate insurance in relation to the Subject Properties and its potential liabilities to third parties.

The Subject Properties may face the risk of suffering physical damage caused by fire, acts of God such as natural disasters or other causes, as well as potential public liability claims from shoppers, contractors and tenants.

In addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases, contamination or other damages caused by breaches of environmental law) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, IGB REIT's insurance policies for the Subject Properties include property damage caused by loss or damage caused by fire and special perils, consequential losses from fire and special perils, machine and equipment, all risks, plate

glass, burglary and larceny, fidelity guarantee, employer's liability and public liability but do not in general cover acts of war, acts of terrorism and radioactive or nuclear risks.

Should an uninsured loss or a loss in excess of insured amounts occur, IGB REIT could be required to pay compensation and/or lose capital invested in the affected Subject Property as well as anticipated future revenue from that Subject Property as it may not be able to rent out or sell the affected property. No assurance can be given that material losses in excess of insurance proceeds (if any) will not occur.

In addition, IGB REIT's insurance policies and terms of coverage will be subject to renewal and negotiations on a periodic basis in the future and there is no assurance as to the nature and extent of coverage that will be available on commercially reasonable terms in the future. Any material increase in insurance rates or decrease in available coverage in the future will adversely affect IGB REIT's business, results of operations and financial condition.

5.1.10 The due diligence on the Subject Properties may not have identified all material defects, breaches of laws and regulations and other deficiencies.

Save for due diligence on the title and legal matters affecting the Subject Properties, no other due diligence was carried out in respect of the Subject Properties. Such due diligence may not have revealed all breaches of laws or regulations or defects or deficiencies affecting the Subject Properties, including to the title thereof.

No technical due diligence was undertaken by the Manager on the Subject Properties. There can be no assurance that the Subject Properties do not or will not have defects or deficiencies, which will require additional expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties. Such costs or liabilities may involve significant and potentially unpredictable levels of expenditure which may have a material adverse effect on IGB REIT's business, financial condition, results of operations and prospects.

Moreover, the representations, warranties and indemnities made in favour of IGB REIT by the Vendors may not offer sufficient protection for the costs and liabilities arising from any defect or deficiency.

5.1.11 The Appraised Values of the Subject Properties are based on various assumptions which may or may not materialise; the price at which IGB REIT is able to sell the Subject Properties in future may be lower than the acquisition value of the Subject Properties.

There can be no assurance that the assumptions relied on to derive the Appraised Values of the Subject Properties are accurate measures of the market, and the said values of the Subject Properties may be evaluated inaccurately. Property valuation in general involves using assumptions, estimates, subjective parameters and/or close proxies. The Independent Property Valuer may have included a subjective determination of certain factors relating to the Subject Properties such as their relative market positions, financial and competitive strengths, and physical condition. The Independent Property Valuer may also have taken into account external factors such as demand and supply, general economic conditions and interest rates.

The valuation of any of the Subject Properties does not guarantee a sale price at that value at present or in the future as values might change and are subject to market conditions as well. The price at which IGB REIT may sell any of the Subject Properties may be lower than the Appraised Value or its purchase consideration.

5.1.12 IGB REIT is dependent on third parties for certain services.

Certain services to the Subject Properties, for example, water, electricity, liquefied petroleum gas and sewerage treatment may be provided by third party service providers or may not be located within the Subject Properties. There is no assurance that the third parties or other parties contracted by the third parties will fulfil their obligations under any contracts of service. IGB REIT is also dependent on the Property Manager for providing property management services, tenancy management services, marketing and marketing coordination services and project management services. Any interruption to such services to the Subject Properties may disrupt business operations and have a material adverse effect on IGB REIT's business, financial condition, results of operations and prospects.

5.1.13 Completion of the SPAs and transfer of certain contracts or licences may not occur.

There can be no assurance that both of the SPAs, which are interdependent on each other, will complete in accordance with their respective terms. The SPAs are subject to conditions precedent, which may not all be satisfied or waived. Further, the Vendors may fail to comply with the terms of the SPAs, including the obligation to complete the sale to IGB REIT. Please refer to Section 14.3 "Salient Terms of the SPAs" of this Prospectus for details of the SPAs. If either SPA is not completed in accordance with the terms therein contained, the Acquisitions by IGB REIT will not complete, and IGB REIT will be unwound. In the event the Units have been allotted, the Unitholders who were allotted Units under the Offering will only receive their monies following the completion of the winding up of IGB REIT in accordance with the terms of the Deed.

Further, the transfer of certain servicing, maintenance and insurance require the consents of various third parties before they can be validly transferred. As a result, there can be no assurance that all such contracts will be transferred to IGB REIT and IGB REIT may be adversely affected if the benefits of such contracts are unavailable or have to be re-contracted for on less favourable terms.

Some licences, permits and approvals required for certain operational aspects of the Subject Properties may need to be transferred to or applied by IGB REIT as the new owner of the Subject Properties upon completion of the SPAs. There can be no assurance that such licences, permits and approvals can be transferred or will be issued by the relevant authorities or government bodies within a reasonable period. Such operational aspects of the Subject Properties may be affected if these licences, permits and approvals cannot be transferred or are not issued.

5.1.14 Beneficial ownership of the Subject Properties is dependent on the validity of the State Authority's consent on the Completion Date of the SPAs and the Trustee may not be registered as the legal owner of the Subject Properties.

(i) Restriction-in-interest

The disposal and transfer of the Subject Properties cannot be effected without the consent of the State Authority ("**Restriction-in-Interest**"). This Restriction-in-Interest is endorsed on the master titles on which the Subject Properties are erected on.

(ii) Consents to transfer

On 15 August 2012, MVC obtained the State Authority's consent for the transfer of Mid Valley Megamall in favour of the Trustee ("**Mid Valley Megamall Consent**"). Under the terms of the Mid Valley Megamall Consent, the transfer of Mid Valley Megamall to the Trustee on behalf of IGB REIT, must be completed within a period of 12 months from 15 August 2012 which period may only be extended once for a further six months.

On 16 March 2012, MVCD obtained the State Authority's consent for the transfer of The Gardens Mall in favour of MVCG ("**The Gardens Mall First Consent**"), which consent is valid for a period of 12 months from 16 March 2012. The Gardens Mall First Consent was subsequently extended by the State Authority on 31 July 2012 for a further six months from 15 March 2013. On 15 August 2012, MVCG obtained the State Authority's consent for the transfer of The Gardens Mall in favour of the Trustee ("**The Gardens Mall Second Consent**"). Under the terms of The Gardens Mall Second Consent, the transfer of The Gardens Mall to the Trustee on behalf of IGB REIT, must be completed within a period of 12 months from 15 August 2012 which period may only be extended once for a further six months.

(The Mid Valley Megamall Consent, The Gardens Mall First Consent and The Gardens Mall Second Consent are collectively known as "**Consents to Transfer**"¹).

The Consents to Transfer were obtained on the basis of applications made by (a) MVC as Vendor and registered proprietor of the master land on which Mid Valley Megamall is erected on; and (b) MVCG as Vendor and MVCD as registered proprietor of the master land on which The Gardens Mall is erected on.

Upon completion taking place under the SPAs, IGB REIT will have beneficial ownership of the Subject Properties on and from the Completion Date of the SPAs provided that the Consents to Transfer are valid and subsisting on the Completion Date of the SPAs. There may be a possibility that IGB REIT's beneficial ownership of the Subject Properties could be challenged by a purchaser for value of any of the Subject Properties without notice. However, as described below, measures have been taken and will be taken on or before the Completion Date of the SPAs to protect the Trustee's rights and interests in the Subject Properties.

¹ The term "Consents to Transfer" refers to the State Authority's consents for the transfer of the master lands on which the Subject Properties are erected on, in favour of the Trustee.

(iii) Potential implications

There can be no assurance that, when strata titles to the Subject Properties are issued in the name of MVC and MVCD respectively, (a) such strata titles will not be subject to a similar Restriction-in-Interest; or (b) the relevant land registry will accept the Consents to Transfer as valid consents for the transfer to, and registration of the Trustee as the registered owner of the Subject Properties on behalf of IGB REIT.

In such event, fresh consents for the transfer to, and registration of the Trustee as the registered owner of the Subject Properties on behalf of IGB REIT will need to be obtained. There can be no assurance that the State Authority will grant such fresh consents.

In the event that (a) the strata titles to the Subject Properties are not issued and transferred before the expiry of the relevant validity periods of the Consents to Transfer and fresh consents are not granted by the State Authority; or (b) strata titles to the Subject Properties are issued within such validity periods with similar restriction-in-interests but the relevant land registry does not accept the Consents to Transfer and fresh consents are not granted by the State Authority, then in so far as the legal and beneficial ownership¹ of the Subject Properties and contractual contractual rights are concerned:

- (1) IGB REIT will not have an indefeasible legal title (being a title or an interest which is free of all adverse claims or encumbrances not noted in the register of title, in the absence of fraud and other vitiating factors as set out in Section 340 of the National Land Code 1965) to the Subject Properties. This means that the legal titles to the Subject Properties will still reside with MVC and MVCD, being (i) the registered proprietors of the respective master lands on which the Subject Properties are erected on; and (ii) eventually upon the issuance of the strata titles, the persons named on the issue and register strata documents of title as the registered proprietors of the Subject Properties;
- (2) upon completion taking place under the SPAs, IGB REIT will have beneficial ownership of the Subject Properties on and from the Completion Date of the SPAs provided that the Consents to Transfer are valid and subsisting on the Completion Date of the SPAs and will thereafter, continue to have beneficial ownership of the Subject Properties; and
- (3) IGB REIT will have contractual rights under the SPAs as from the Completion Date of the SPAs which include rights, interests and benefits in and to:
 - (i) Mid Valley Megamall and its tenancy agreements, services contracts and insurance contracts; and/or

¹ Beneficial ownership in this context means that one party has equitable title to the property although the title is in the name of another.

- (ii) The Gardens Mall and its tenancy agreements, services contracts and insurance contracts,

pursuant to the respective SPAs.

In line with the general principles of indefeasibility of registered title under the National Land Code, 1965, whilst the beneficial owner of a real estate has actual property rights in the land itself, such beneficial ownership may be defeated in favour of a purchaser for value of the land without prior notice of such beneficial ownership. To this end, the Trustee (acting on behalf of IGB REIT) has lodged a private caveat and will lodge a trust caveat over the master lands on which the Subject Properties are erected on, giving notice to the public of its beneficial interests.

- (iv) Protection of interest

The interest of IGB REIT and the Unitholders will be protected by the following:

- (a) under the Mid Valley Megamall SPA, MVC has undertaken and covenanted to procure and ensure that the Mid Valley Megamall Consent shall remain valid and subsisting pending the issuance of the strata titles to Mid Valley Megamall and the transfer and registration of the same in favour of the Trustee (acting on behalf of IGB REIT);
- (b) similarly, under The Gardens Mall SPA, MVCD and MVCG have respectively undertaken and covenanted to procure and ensure that The Gardens Mall First Consent and The Gardens Mall Second Consent shall remain valid and subsisting pending the issuance of the strata titles to The Gardens Mall and the transfer and registration of the same in favour of the Trustee (acting on behalf of IGB REIT);
- (c) the Trustee (acting on behalf of IGB REIT), will have irrevocable and unconditional powers of attorney granted to it by MVC and MVCD, being the registered proprietors of the respective master lands on which the Subject Properties are erected on, empowering the Trustee in the name of MVC and MVCD to, among others:
 - (1) transfer the strata titles to the Subject Properties in favour of the Trustee on behalf of IGB REIT when issued; and
 - (2) deal with each of the Subject Properties as fully and effectually as MVC and MVCD could do as legal owners of the respective Subject Properties;
- (d) the Trustee had upon the execution of the SPAs lodged a private caveat on 26 July 2012 and will lodge a trust caveat prior to the closing of the Retail Offering, over the master lands on which the Subject Properties are erected on, to prevent dealings in the master titles pending issuance of the strata titles to the Subject Properties¹; and

¹ A private caveat and a trust caveat are restraints on dealings in land under the National Land Code 1965. A private caveat will expire six years from the time of the lodgement of the same, unless earlier withdrawn or removed by the Registrar of Titles/Land Administrator or the court. A trust caveat will continue in force until cancelled by the Registrar

- (e) each of MVC and MVCD, being the registered proprietors of the respective master lands on which the Subject Properties are erected on, will execute on or before the Completion Date of the SPAs, a declaration of trust, declaring that it will, on and from the Completion Date of the relevant SPA until the issuance, transfer and registration of the strata titles to the relevant Subject Property in the name of the Trustee (acting on behalf of IGB REIT), hold the legal title to the respective Subject Property on trust as bare trustee¹ for and on behalf of the Trustee (acting on behalf of IGB REIT) as beneficial owner, and will do all such acts and things as may be necessary to give effect to any dealing by the Trustee (acting on behalf of IGB REIT) with regards to the Subject Properties.

Based on the assumptions and subject to the qualifications set out in their letter dated 23 August 2012 addressed to the Manager, Rahmat Lim & Partners, the Legal Adviser to the Manager as to Malaysian Law have advised the Manager that pursuant to the SPAs and upon completion taking place under the SPAs, IGB REIT will have beneficial ownership of the Subject Properties as from the Completion Date of the SPAs provided that the Consents to Transfer are valid and subsisting on the Completion Date of the SPAs. Their letter has also addressed the potential implications on the Trustee's rights and interests in the Subject Properties and the measures which have been taken and will be taken on or before the Completion Date of the SPAs to protect such rights and interests

5.1.15 The Subject Properties or any part of them may be acquired compulsorily.

Under Section 3 of the Land Acquisition Act 1960, the State Authority has the power to acquire any land, whether in whole or in part, which is needed:

- (i) for any public purpose;
- (ii) by any person or corporation for any purpose which, in the opinion of the State Authority, is beneficial to the economic development of Malaysia or any part thereof or to the public generally or any class of the public; or
- (iii) for the purpose of mining or for residential, agricultural, commercial, industrial or recreational purposes or any combination of such purposes.

In the event of any compulsory acquisition of property in Malaysia, the amount of compensation to be awarded is based on the fair market value of a property and is assessed on the basis prescribed in the Land Acquisition Act, 1960 and other relevant laws. The market value of the Subject Properties as determined by the State Authority may be lower than the market value as determined by any independent property valuer appointed by IGB REIT. Or, if any of the Subject Properties were acquired compulsorily by the State Authority at a point in time when the market value of the Subject Properties has decreased, the level of compensation paid to IGB REIT may be less than the price which

of Titles/Land Administrator on an application in that behalf by the trustees for the time being and all persons and bodies beneficially entitled under the trust. Please refer to Section 13.2.7 "Restrictions on Dealings" of this Prospectus for further details.

¹ A bare trustee is a person who holds property in trust at the absolute disposal and for the absolute benefit of the beneficial owner. The sole function of a "bare trustee" who holds a real property, is to hold the legal title to the property for the beneficial owner and to deal with the property in accordance with directions received from the beneficial owner.

IGB REIT paid for the Subject Properties, which may have an adverse effect on the trading price of the Units and IGB REIT's business, financial condition, results of operations and prospects. If the compulsory acquisition concerned a material section of the Subject Properties such as retail space, car park areas and/or access areas to the Subject Properties, the business and operation of the Subject Properties may be adversely affected thereby resulting in a reduction of Total Revenue and the market value of the Subject Properties.

5.1.16 Lack of control and rights to manage the common properties of Mid Valley City may lead to a decrease in income generated, which in turn, may have an adverse effect on IGB REIT's financial condition and results of operations.

Until the strata titles to the Subject Properties are issued by the State Authority and transferred in favour of IGB REIT, IGB REIT will have lack of control and right to manage the common properties of Mid Valley City which comprise the internal circulation roads between the Subject Properties and the ingress and egress at the lower ground floor of the Subject Properties. The lack of control and right to manage the common properties means that:

- (i) in relation to Mid Valley Megamall, IGB REIT is required to obtain the consensus of the JMB for Mid Valley City Phase 1 to successfully execute any proposal in relation to the common properties that requires their financial contribution or cooperation; and
- (ii) in relation to The Gardens Mall, IGB REIT is required to obtain the consensus of MVCD to successfully execute any proposal in respect of the common properties that requires the financial contribution or cooperation of the other owners of the various components within the master land on which The Gardens Mall is erected on.

If IGB REIT is unable to gain consensus or cooperation from the JMB for Mid Valley City Phase 1 or MVCD for Mid Valley City Phase 2, as the case may be, it may be unable to execute strategies which it believes are in the best interest of the Subject Properties. This may have an adverse effect on IGB REIT's financial condition and results of operations.

5.1.17 IGB REIT has no control over the master title of the Subject Properties.

The Subject Properties form part of a mixed development consisting hotels, apartment blocks, office blocks and service suites. Until the master titles are subdivided and separate strata titles are issued in respect of the various components of the said mixed development, legal title to The Gardens Mall will remain registered under the name of MVCD and legal title to Mid Valley Megamall will remain registered under the name of MVC. Notwithstanding that a private caveat has been lodged on 26 July 2012 and a trust caveat will be lodged prior to the closing of the Retail Offering on each of the master lands in respect of the Subject Properties by the Trustee, there can be no assurance that MVCD and MVC will at all times deal with the master titles in the best interest of IGB REIT.

5.2 RISKS RELATING TO IGB REIT'S OPERATIONS

5.2.1 IGB REIT is exposed to economic and real estate market conditions (including uncertainties and instability in global market conditions and increased competition in the retail property market).

The Subject Properties are located in Kuala Lumpur, Malaysia. As a result, IGB REIT's results of operations depend, to a large extent, on the performance of Malaysia's economy and the Malaysian real estate market conditions. A decline in Malaysia's economy could adversely affect IGB REIT's results of operations and future growth. Historically, the Malaysian property market has been cyclical and Malaysian property values, rents and occupancy rates have been affected by, among other factors, the rate of economic growth in Malaysia, interest rates and inflation. The performance of IGB REIT may also be adversely affected by a number of local real estate market conditions, such as the competitiveness of competing retail properties or the supply and demand of retail properties. There can be no assurance that the Malaysian economy will continue to improve, that property values, rents and occupancy rates will not decline, or that interest rates or inflation will not rise in the future. An economic decline in Malaysia, a decline in real estate market conditions in Malaysia or other developments outside the control of IGB REIT and the Manager, would have a material adverse effect on IGB REIT's business, financial condition and results of operations.

In addition, the Malaysian economy is affected by global economic conditions. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. There is also growing concern that the debt crisis in Europe and the United States will impinge upon the health of the global financial system. These and other related events have had significant impact not only on the global capital markets associated with asset-backed securities but also on the global credit and financial markets as a whole. The deterioration in the financial markets has caused a recession in many countries, which has led to significant declines in employment, household wealth, consumer demand and lending and as a result, has adversely affected economic growth in Malaysia and elsewhere. These events could adversely affect IGB REIT insofar as they result in:

- (i) reduced shopper traffic in the Subject Properties;
- (ii) a negative impact on the ability of the tenants to pay their rents (including percentage rent) in a timely manner or continue their tenancies, thus reducing IGB REIT's revenue and/or cashflows;
- (iii) an increase in counterparty risk involving parties such as, but not limited to, tenants, insurers, lenders as well as contractors and suppliers (in terms of any warranties provided); and/or
- (iv) an increased likelihood that one or more of (i) the Lenders, (ii) banks providing bankers' guarantees for IGB REIT's rental deposits or (iii) IGB REIT's insurers may be unable to honour their commitments to IGB REIT.

IGB REIT may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. There can be no assurance that IGB

REIT will be able to raise funds at a reasonable cost or on favourable terms which may have a material adverse effect on IGB REIT's business, financial condition and results of operations.

5.2.2 The Total Revenue earned from, and the value of, the Subject Properties may be adversely affected by a number of factors.

The Total Revenue earned from, and the value of, the Subject Properties may be adversely affected by a number of factors, including, but not limited to:

- (i) the ability to collect rent from the tenants;
- (ii) the amount and extent to which IGB REIT may grant rent rebates to the tenants;
- (iii) defects affecting the Subject Properties which could affect the operations of tenants resulting in the inability of such tenants to make timely payments of rent or at all;
- (iv) a drop in rental rates due to changes in rental rates of comparable malls, tenant mix, renewal options, size, location and configuration of NLA within the Subject Properties, shopper traffic to the Subject Properties, the level of tourism to Kuala Lumpur and the design of the Subject Properties;
- (v) the tenants requesting waiver of interest on late payment of rent;
- (vi) the tenants seeking the protection of bankruptcy laws which may result in delays in the receipt of rent payments, inability to collect Gross Rental Income, or delays in the termination of the tenancy, or which could hinder or delay the re-letting of the space in question or the sale of the relevant property;
- (vii) the general macroeconomic and supply and demand trends affecting the economic conditions of Malaysia and conditions in the real estate market sector in Malaysia;
- (viii) reduced occupancy rates due to supply and demand trends affecting the retail real estate markets, the length of potential vacancy periods arising from tenancy expiries and early terminations, and rental rates of other competing properties;
- (ix) the Manager's ability to provide adequate management and maintenance or to purchase or put in place adequate insurance;
- (x) changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Rights related to the properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment; and
- (xi) acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases, natural disasters and other events beyond the control of the Manager.

5.2.3 Operating risks inherent to the retail property industry and increases in operating and other expenses of the Subject Properties may have an adverse effect on IGB REIT's financial condition and results of operations.

IGB REIT's ability to maintain a certain level of distribution to the Unitholders could be affected if its operating and other expenses increase without a corresponding increase in revenue or tenant reimbursement of operating and other costs. In addition to other factors mentioned herein, factors which could increase operating and other costs of the Subject Properties, include, but are not limited to, the following:

- (i) increase in utility costs (including any increase in preferential tariff granted by utility service providers);
- (ii) increase in construction, repair and maintenance costs (including mechanical and engineering costs);
- (iii) increase in third party sub-contracted service costs;
- (iv) increase in insurance premiums;
- (v) increase in payroll expenses;
- (vi) increase in quit rent and assessments (property and related taxes) and other statutory charges;
- (vii) increase in property management cost and management fees;
- (viii) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- (ix) increase in costs of financing for operating or capital requirements; and
- (x) increase in the service charge and sinking fund contributions applicable to strata properties.

Additionally, capital expenditures and other expenses may be irregular since on-going repairs and maintenance involves significant and potentially unpredictable expenditures. Both the amount and timing of such expenditures will have an impact on the cash flow of IGB REIT. If the Subject Properties do not generate revenue sufficient to meet operating expenses, debt service and capital expenditures, IGB REIT's income and ability to make distributions may be materially and adversely affected.

Many of these factors may have an adverse effect on the NPI derived from the Subject Properties. The valuation of the Subject Properties, (to be obtained at least once every three years from the date of the last valuation pursuant to the REIT Guidelines or such other shorter interval as the Manager deems necessary), will reflect such factors and as a result, such valuation may fluctuate significantly upwards or downwards.

5.2.4 IGB REIT will rely on Mid Valley Megamall and The Gardens Mall for all of its NPI.

IGB REIT will be dependent on two properties, Mid Valley Megamall and The Gardens Mall, for all of its NPI. Furthermore, Mid Valley Megamall will contribute a substantial portion of IGB REIT's NPI. For the Forecast Period 2012 and the Forecast Year 2013, Mid Valley Megamall is forecast to account for 75.5% and 76.3% of the Subject Properties' collective NPI, for the respective period. IGB REIT may continue to be dependent on just two properties for all of its NPI going forward and a significant decline of either Mid Valley Megamall's or The Gardens Mall's NPI may have a material adverse effect on IGB REIT.

5.2.5 IGB REIT is subject to risks inherent in concentrating investments primarily in retail properties in a single country.

The Subject Properties are retail malls. IGB REIT's principal investment policy is to invest, directly and indirectly, in a diversified portfolio of income-producing Real Estate used primarily for retail purposes in Malaysia and overseas as well as Real Estate-Related Assets. Real Estate used primarily for retail purposes will include retail properties and mixed-use developments with a retail component. Further, the Subject Properties are both located on adjacent sites within the Mid Valley City area. As such, IGB REIT will be subject to additional risks compared to a portfolio that is diversified in terms of location and type. Other real estate companies which invest in more than one asset class and over a wider geographical spread may not be exposed to the same level of risk as IGB REIT. These risks include, and are not limited to a downturn in the real estate market and in the Malaysian economy, movements in interest rates and changes in policies or laws affecting real property, which could in turn affect the valuation of the Subject Properties, reduce visitors to the Mid Valley City area, reduce retail spending, decrease rental and occupancy rates, and increase the risk of tenant insolvency. Such downturns would affect distributions to Unitholders, and have a material adverse effect on IGB REIT's business, results of operations and financial conditions.

In addition, IGB REIT is exposed to political risks in Malaysia. IGB REIT may be affected by changes in government policies as a result of change of government and the political sentiment in Malaysia may change and affect IGB REIT adversely.

5.2.6 The amount IGB REIT may borrow is limited, which may affect the operations and expansion of IGB REIT.

Under the REIT Guidelines, IGB REIT is only permitted to borrow up to 50.0% of its Total Asset Value at the time the borrowing is incurred. Unitholders' approval is required if IGB REIT wants to increase its borrowing beyond 50.0%. IGB REIT may, from time to time, require further debt financing to achieve its investment strategies. If further debt funding is incurred, it would result in increased debt service obligations and may result in additional operating and financing covenants, or liens on the Subject Properties, that would restrict its operations. In the event IGB REIT does not obtain the necessary approval to incur additional borrowings in the future, IGB REIT may be unable to proceed with its strategies and may face adverse business consequences as a result of this limitation on future borrowings. These may include:

- (i) an inability to fund capital expenditure requirements in relation to IGB REIT's existing asset portfolio or in relation to IGB REIT's acquisitions to expand its portfolio;

- (ii) a decline in the value of the Deposited Property may cause the borrowing limit under the REIT Guidelines to be exceeded, thus affecting IGB REIT's ability to make further borrowings; and
- (iii) cash flow shortages (including with respect to distributions) which IGB REIT might otherwise be able to resolve by borrowing funds.

5.2.7 Changes in consumer behaviour patterns in Malaysia may adversely affect IGB REIT.

Changes in consumer behaviour patterns in Malaysia may adversely affect IGB REIT's business, prospects, financial condition and results of operations. The increasing trend of consumers shifting their preference from retail shopping to internet shopping may lead to a decrease in shopper traffic to the Subject Properties and to retail malls in Malaysia as a whole. This would lead to a downturn in the businesses of tenants of the Subject Properties and affect their ability to make rental payments to IGB REIT (including percentage rent), which would in turn adversely affect IGB REIT's total revenue.

According to the Independent Property Market Consultant, Malaysia's middle income groups have been and may continue to be affected by rising inflation with shrinking purchasing power as petrol and utility price increases have grown faster than salary growth. The incomes of the middle income groups may not be growing fast enough to meet rising living costs in Malaysia and so they may limit their spending to necessities. This may adversely affect the businesses of the tenants of the Subject Properties and consequently, the operations and results of IGB REIT.

The potential introduction of a goods and services tax ("GST") in Malaysia may also affect the spending habits of Malaysian shoppers. GST is a broad based multi-stage taxation system whereby tax is levied on the amount of value created at each stage of the production cycle which is ultimately transferred to the end-purchaser of the good or service. The effect is an overall increase in the price of goods and services which may reduce retail spending and adversely affect the business of tenants of the Subject Properties.

5.2.8 IGB REIT may face risks associated with debt financing and existing and future debt facilities and debt covenants may limit or affect IGB REIT's operations.

Upon Listing, IGB REIT will have total indebtedness of approximately RM1,206 million (net of estimated transaction costs of RM7 million) representing approximately 25.8% of its estimated Total Asset Value. IGB REIT is subject to risks associated with existing and future debt financing, including the risk that its cash flow will be insufficient to meet the required payments of principal and interest under such financing, and therefore be unable to make distributions to Unitholders. Please refer to Section 3.10 "REIT Financing" of this Prospectus for further details on the debt financing of IGB REIT.

Distributions from IGB REIT to Unitholders will comprise at least 90.0% of IGB REIT's Distributable Income. As a result of this distribution policy, IGB REIT may not be able to meet all of its obligations to repay any future borrowings through its cash flow from operations. IGB REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all.

If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, IGB REIT will not be able to repay all maturing debt. In such cases, if IGB REIT defaults under such debt facilities, the lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided. Further, if IGB REIT's properties are mortgaged, such properties could be foreclosed by the lender or the lender could require a forced sale of the properties with a consequent loss of income and asset value to IGB REIT. This would in turn affect the distributions to be paid to Unitholders.

Even if IGB REIT is able to secure new debt financing, IGB REIT may be subject to the risk that the terms of any refinancing undertaken will be less favourable than the terms of the borrowings sought to be refinanced (including bank borrowings or issuances of debenture and bonds). IGB REIT may also be subject to certain covenants that may limit or otherwise adversely affect its operations and its ability to make distributions to Unitholders. Such covenants may also restrict IGB REIT's ability to acquire properties or undertake other capital expenditure and may require it to set aside funds for maintenance or repayment of security deposits or require IGB REIT to maintain certain financial ratios (such as loan to value ratios). The triggering of any of such covenants may have an adverse impact on IGB REIT's financial condition.

Increases in interest rates could significantly affect IGB REIT's financial condition and results of operations. The interest rates of borrowings could be subject to changes based on the cost of funds of the respective lenders, which could be subject to renegotiation on a periodic basis. If the interest rates for IGB REIT's existing or future borrowings increase significantly, its cost of funds will increase which may adversely impact its results of operations, planned capital expenditure and cash flows.

5.2.9 The Manager may not be able to successfully implement its investment strategies, including asset enhancements, for IGB REIT.

There is no assurance that the Manager will be able to implement its investment strategies successfully or that it will be able to expand IGB REIT's portfolio at any specified rate or to any specified size. The success of implementation of its investment strategies depends on the identification of suitable assets and the ability to obtain financing. The Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame, which will impede the growth of IGB REIT.

IGB REIT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected by the emergence of competitors in the retail property markets. There may be significant competition for investment opportunities from other property investors, including other REITs, commercial property development companies and private investment funds. There is no assurance that IGB REIT will be able to compete effectively against such entities.

IGB REIT has been granted a ROFR by the Sponsor to acquire the Sponsor's future retail properties and mixed-use developments with a retail component. Pursuant to the terms of the ROFR, acquisition of properties under the ROFR may be subject to consent from third parties. There can be no assurance that such parties will give such consent. If the Sponsor is unable to provide the support required by IGB REIT in relation to the exercise of the

ROFR when applicable in future, the future growth of IGB REIT may be adversely affected.

Even if IGB REIT were able to successfully acquire property or investments, there is no assurance that IGB REIT will achieve its intended return on such acquisitions or investments.

Further, IGB REIT's external growth strategy and its asset selection process may not be successful and may not provide positive returns to Unitholders. Acquisitions may divert management's attention away from day-to-day operations and cause disruptions to IGB REIT's operations.

Even if the Manager can identify suitable assets and investment opportunities for IGB REIT, obtaining funding for such acquisitions and investments may be difficult. Potential vendors may view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

The Manager may from time to time initiate asset enhancement on some of the Subject Properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs. For further details on the asset enhancement plans of the Manager, please refer to Section 2 "Business and Subject Properties" of this Prospectus.

5.2.10 IGB REIT may not meet the requirements to enjoy tax exemptions under Section 61A of the Income Tax Act by virtue of (among other things) tax adjustments which could affect the requirement of 90.0% distribution of taxable income or changes in tax laws.

Pursuant to Section 61A of the Income Tax Act, a REIT is exempted from income tax for the relevant year of assessment provided that it distributes at least 90.0% of its total income (as defined under the Income Tax Act) to its Unitholders in the basis period of the REIT for the relevant year of assessment. The Malaysian Inland Revenue Board (the "MIRB") has given a concession for such distribution to be made within two months after the close of the financial year which forms the basis period for the tax assessment of the REIT.

Where the abovementioned conditions pursuant to Section 61A of the Income Tax Act are met, IGB REIT will be exempted from Malaysian income tax. However, IGB REIT is required to withhold tax on taxable income distributed to certain Unitholders. Please refer to Appendix C "Tax Consultant's Letter on Taxation of IGB REIT and Unitholders" of this Prospectus for the Malaysian withholding tax implications on distributions to investors from a Malaysian REIT which meets the requirements of Section 61A of the Income Tax Act.

There is no assurance that IGB REIT will be able to comply with the requirements to enjoy tax exemptions under Section 61A of the Income Tax Act. In the event of a tax audit, the MIRB may make an upward adjustment to the total income of IGB REIT, which may result in IGB REIT no longer satisfying the 90.0% threshold requirements of Section 61A of the Income Tax Act. Moreover, if IGB REIT was not originally exempt under Section 61A of the Income Tax Act, an upward adjustment to total income would result in IGB REIT being subject to more tax.

The Malaysian tax laws may be subject to change. For example, the pre-requisites for tax exemption may become more difficult to meet, such that IGB REIT would be more likely to be subject to tax or the tax exemption for Malaysian REITs may be removed altogether. Any other tax exemptions, such as stamp duty, which Malaysian REITs currently enjoy, may also be removed in the future.

5.2.11 IGB REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

IGB REIT's performance depends, in part, upon the continued service and performance of the executive officers of the Manager. Please refer to Section 6.5 "Management Team of the Manager" of this Prospectus for details of the executive officers of the Manager. These key personnel may leave the employment of the Manager. If the above were to occur, the Manager will need to spend time searching for a replacement and the duties which such executive officers are responsible for may be affected. The loss of any of these individuals may have a material adverse effect on IGB REIT's financial condition and the results of operations.

5.2.12 The removal of the Manager may have an adverse effect on IGB REIT's financial condition and results of operations.

There is no assurance that the Manager will remain the manager of IGB REIT. In the event that the Manager ceases to be eligible to act as a REIT manager under the CMSA or is removed pursuant to the Deed or the Relevant Laws and Requirements, IGB REIT may need to appoint another management company, which may materially and adversely affect IGB REIT's financial condition and results of operations.

5.2.13 IGB REIT may be adversely affected by the illiquidity of real estate investments and the lack of alternative uses and may be exposed to a higher level of risk compared to other types of unit trusts that have a more diverse range of investments.

IGB REIT's focus on retail properties involves a higher level of risk as compared to a portfolio which has a more diverse range of investments which are more liquid. Real estate investments are relatively illiquid and such illiquidity may affect IGB REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. IGB REIT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets if a quick sale is required. IGB REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on IGB REIT's financial condition and results of operations, with a consequential adverse effect on IGB REIT's ability to deliver expected distributions to Unitholders.

Further, IGB REIT's principal strategy of investing, directly or indirectly, in Real Estate will subject IGB REIT to risks inherent in concentrating in Real Estate. The level of risk could be higher as compared to other types of unit trusts that have a more diverse range of investments in other sectors.

A concentration of investments in Real Estate exposes IGB REIT to the risk of a downturn in the real estate market. Such downturns may lead to a decline in occupancy for properties or Real Estate-Related Assets in IGB REIT's portfolio. This will affect IGB REIT's Gross Rental Income from the Subject Properties, and/or a decline in the capital value of IGB REIT's portfolio, which will have an adverse impact on distributions to the Unitholders and/or on the results of operations and the financial condition of IGB REIT.

5.2.14 Possible change of investment strategies may adversely affect Unitholders' investments in IGB REIT.

IGB REIT's policies with respect to certain activities, including investments and acquisitions, will be determined by the Manager. Unitholders and potential investors should note that, subject to the requirements of the Deed and the Relevant Laws and Requirements, the Manager has wide discretion to determine the investment strategies of IGB REIT and may decide to invest in other types of assets, including any Real Estate Assets, Real Estate-Related Assets, as well as Non-Real Estate-Related Assets. Furthermore, as with other investment decisions, there are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves. Please refer to Section 10.9 "Investment Policies of IGB REIT" of this Prospectus for further details on the restrictions relating to the investment policies of IGB REIT.

5.2.15 IGB REIT is subject to third-party litigation risk by shoppers, contractors and tenants of the Subject Properties which may result in significant liabilities and damage to IGB REIT's reputation.

IGB REIT is exposed to the risk of litigation or claims by shoppers, contractors or tenants of the Subject Properties, which may arise for a variety of reasons, including accidents or injuries that may be suffered by them while at the Subject Properties, tenants' inability to enjoy the use of the Subject Properties in accordance with the terms of their tenancy and IGB REIT's failure to perform any of its obligations under any tenancy, construction or other contract or agreement entered into with contractors, tenants or other third parties. If IGB REIT is required to bear all or a portion of the costs arising out of litigation this may have a material adverse effect on IGB REIT's business, financial condition, results of operations and prospects.

5.2.16 IGB REIT may engage in interest rate hedging transactions in compliance with the REIT Guidelines, which can limit gains and increase costs.

IGB REIT may enter into interest rate hedging transactions in compliance with the REIT Guidelines to protect itself from the effects of interest rate on floating rate debt. Interest rate hedging activities may not have the desired beneficial impact on the operations or financial condition of IGB REIT.

Interest rate hedging could adversely affect IGB REIT because among others:

- (i) the party owing money in the hedging transaction may default on its obligation to pay;
- (ii) the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs IGB REIT's ability to sell or assign its side of the hedging transaction; and

- (iii) the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting standards to reflect changes in fair value. Such changes although unrealised, would reduce the NAV of IGB REIT if it is due to downward adjustments.

Interest rate hedging involves risks and transaction costs, which may reduce overall returns.

5.2.17 While the Subject Properties are located in Malaysia, IGB REIT's future acquisitions may be located outside Malaysia, which would expose IGB REIT to risks in other countries.

The principal investment policy of IGB REIT is to invest, directly and indirectly, in a diversified portfolio of income producing Real Estate used primarily for retail purposes in Malaysia and overseas as well as Real Estate-Related Assets. IGB REIT may therefore acquire properties outside Malaysia in the future, which would expose IGB REIT to risks relating to foreign conditions in such countries, including:

- (i) a decline in general economic conditions or foreign real estate market conditions affecting the attractiveness of the properties or reducing demand for such properties;
- (ii) exchange rate fluctuations between the Malaysian Ringgit and the foreign currency, and government regulations in relation to foreign exchange;
- (iii) foreign laws and policies, such as government controls over property investments or laws concerning foreign ownership of property, and limitations on the ability of IGB REIT to seek legal recourse;
- (iv) differing levels of income tax, withholding tax, capital gains tax, or any other taxes that may be imposed in other countries or in Malaysia, and potential increases thereto; and
- (v) uncertainty as to whether IGB REIT will be able to repatriate to Malaysia the income and gains derived from investment in the properties on a timely and regular basis.

Any inability to navigate the above risks, to the extent they materialise, will affect IGB REIT's ability to make distributions to Unitholders from the income and gains derived from properties outside of Malaysia.

5.2.18 Potential conflicts of interest among IGB REIT, the Manager and the Sponsor or its subsidiaries may result in corporate actions and business decisions that are not in the Unitholders' best interests.

The Manager is wholly-owned by the Sponsor. In addition, the Sponsor will be a substantial Unitholder of IGB REIT following the completion of the Distribution-In-Specie by KrisAssets, which is expected to take place within one month from the Listing Date. There can be no assurance that conflicts of interest may not arise among IGB REIT, the Manager and the Sponsor or its subsidiaries in the future. Please refer to Section 11 "Corporate Governance, Related Party Transactions and Conflicts of Interest" of this Prospectus.

The Sponsor and their subsidiaries and/or associates are engaged in, and/or may engage in among others, investment in, and the development, management and operation of retail properties which may compete with the Subject Properties and cause downward pressure on rental rates. Additionally, the Sponsor and the Manager may in the future sponsor, manage or invest in other REITs or other vehicles which may also compete directly with IGB REIT.

In addition, pursuant to the ROFR, the Manager may in the future recommend that IGB REIT acquire additional retail properties and mixed-use developments with a retail component from the Sponsor and/or its subsidiaries. In such cases, the Manager is required to obtain valuations from independent property valuers and to comply with all other requirements applicable to such transactions pursuant to the REIT Guidelines. However, there can be no assurance that the negotiations with respect to such properties relating to the sale and purchase of such properties (in particular, the representations, warranties and indemnities and payment terms), will not be adverse to IGB REIT or will reflect an arm's length acquisition by IGB REIT.

The Manager has entered into service agreements with the Sponsor to delegate the function of registrar to the share registration department of the Sponsor, IGB (Share Registration Department) and the function of internal auditor to the Group Internal Audit Division of the Sponsor, IGB (Group Internal Audit Division). Further, pursuant to the Service Provider Agreements entered into between MVC and MVCG respectively, being the subsidiaries of the Sponsor, and the Property Manager, MVC and MVCG 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 Mid Valley Megamall and The Gardens Mall, respectively. The appointment of MVC and MVCG as service providers (including the terms of its remuneration) is subject to the approval of the Manager. There can be no assurance that such appointments will not be on terms adverse to IGB REIT or terms which are not reflective of an arm's length transaction.

5.2.19 IGB REIT and the Manager are newly established entities without an established operating history.

IGB REIT was constituted on 25 July 2012 and the Manager was incorporated on 21 March 2012. While the management team of the Manager has been operating the Subject Properties prior to the Offering, neither IGB REIT nor the Manager has sufficient operating history by which its performance may be judged. The lack of an established operating history will make it more difficult for investors to assess IGB REIT's future performance. There is no assurance that IGB REIT will be able to generate sufficient income from operations to make distributions or that such distributions (if any) will be in line with those set out in Section 4.5 "Profit Forecasts" of this Prospectus. Pro forma financials and past financial results are not indicative of future results.

5.2.20 IGB REIT may incur unanticipated costs and liabilities, in connection with environmental laws and regulations.

Under various laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws may impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances on any Subject Property owned by IGB REIT may have an adverse effect on IGB REIT's ability to sell any of its Subject Properties or borrow using its Subject Properties as collateral. To the extent that IGB REIT becomes liable for costs of removing any hazardous substances, IGB REIT's ability to make distributions to Unitholders will be duly affected.

5.2.21 Occurrence of any acts of God, war and terrorist attacks may adversely and materially affect the business and operations of the Subject Properties.

Acts of God, such as natural disasters, are beyond the control of IGB REIT or the Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population including IGB REIT. IGB REIT's business and income available for distribution may be adversely affected should such acts of God occur. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of the Subject Properties and hence IGB REIT's income available for distribution.

5.2.22 The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere may adversely impact the business, financial condition and results of operations of IGB REIT.

In 2009, outbreaks of Influenza A (H1N1-2009) occurred in a number of countries across the world.

In late 2003 and June 2004, outbreaks of avian influenza occurred in a number of countries in Asia. In 2005 and 2006, outbreaks were reported in other parts of the world including Europe, the Middle East and Africa. Some of these outbreaks severely affected the poultry and related industries and, in addition, several cases of bird-to-human transmission of avian influenza were reported in various countries. In June 2007, World Health Organisation reported new cases of human infection of avian influenza (H5N1) in China and Indonesia.

In 2003, Hong Kong, Taiwan, China, Malaysia, Singapore and other places experienced an outbreak of Severe Acute Respiratory Syndrome ("**SARS**"), which adversely affected the Asian economies, including Malaysia's economy. The retail property sector was one of the sectors that experienced poor performance during the SARS outbreak.

The outbreak of an infectious disease such as Influenza A (H1N1-2009), avian influenza or SARS in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, may have a negative impact on the economy and business activities in Asia and could thereby adversely impact the revenues and results of IGB REIT. These factors could materially and adversely affect the business and financial conditions and the results of operations of IGB REIT.

5.2.23 IGB REIT and the Manager are reliant on the Vendors for the use of, among others, the “Mid Valley” and “The Gardens” brand names.

The Manager intends to leverage on and use the “Mid Valley” and “The Gardens” brand names to attract reputable tenants, maintain tenant relationships and attract shoppers. Accordingly, IGB REIT will have to rely on the Vendors for the use of among others, the “Mid Valley” and “The Gardens” brand names, pursuant to the Trademark Licensing Agreements dated 26 July 2012 between the Trustee, the Manager, and MVC and MVCG respectively. The Manager does not have exclusive use of the “Mid Valley” and “The Gardens” brand names under the terms of the licence agreements. If the respective Vendors licence the “Mid Valley” and “The Gardens” brand names to a less reputable company, then this may dilute the prestige of the “Mid Valley” and “The Gardens” brand names, and adversely affect the reputation of the Subject Properties. Under the licence agreements, the Vendors have the option to require the Trustee and/or the Manager to remove the registered trademarks “Mid Valley Megamall” and “The Gardens” if, among others, the Sponsor ceases to hold an interest of more than 50.0% of the total issued Units. If IGB REIT is unable to use the “Mid Valley” and “The Gardens” brand names, the business and operation of IGB REIT may be adversely affected. Please refer to Section 1.9 “Intellectual Property” of this Prospectus for further details on the use of the registered trademarks “Mid Valley” and “The Gardens” and other registered trademarks.

5.3 RISKS RELATING TO AN INVESTMENT IN THE UNITS

5.3.1 The actual performance of IGB REIT and the Subject Properties could differ materially from the forward-looking statements in this Prospectus.

This Prospectus contains forward-looking statements regarding, among others, forecast and projected distribution/yield levels for the period from the Forecast Period 2012 and the Forecast Year 2013. These forward-looking statements are based on a number of assumptions which are deemed to be reasonable as at the date of this Prospectus and subject to uncertainties and contingencies which are outside of the Manager's control. As the actual results may differ materially from the forecasts, investors are advised to read and understand the assumptions, uncertainties and contingencies underlying the profit forecasts as set out in Section 4.5.3 “Bases and Assumptions” of this Prospectus. IGB REIT's ability to achieve the forecast and projected distributions/yields is subject to events and circumstances assumed which may not occur as expected, or events and circumstances not anticipated which may arise.

No assurance is given that the assumptions will be realised and the actual distributions/yields will be as forecast.

In addition, certain forward-looking statements regarding IGB REIT are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. The inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by the advisers or the Manager, that the plans and objectives of IGB REIT will be achieved.

5.3.2 The sale of a substantial number of Units by the Sponsor and/or any of its transferees of the Units (following the lapse of the lock-up arrangements) could adversely affect the price of the Units.

Upon Listing, IGB REIT will have 3,400,000,000 issued Units, of which 1,733,668,159 Units will be held by the Sponsor. If the Sponsor and/or any of its transferees of the Units (following the lapse of the relevant respective lock-up arrangements, or pursuant to any applicable waivers) sells or is perceived as intending to sell a substantial amount of its Units, or if a secondary offering of the Units is undertaken in connection with an additional listing on another securities exchange, the market price for the Units could be adversely affected.

5.3.3 IGB REIT's Pro Forma Statement of Financial Position and Pro Forma Net Property Income included herein may not reflect actual financial position and results.

IGB REIT's Pro Forma Statement of Financial Position have been prepared to show the effects of the Acquisitions and the Offering, based on the assumption that the events have been effected on the date of establishment of IGB REIT. As IGB REIT's Pro Forma Statement of Financial Position are prepared for illustrative purposes only, such information, because of its nature, do not give a true picture of the effects of the formation of IGB REIT on the financial position of IGB REIT had the events occurred on the date of establishment of IGB REIT. Further, such information does not purport to predict IGB REIT's future financial position.

IGB REIT's Pro Forma Net Property Income included in this Prospectus has been prepared on an aggregate basis as if the Subject Properties have been operated under IGB REIT throughout and as at the periods and dates presented. The Pro Forma Net Property Income is also not necessarily indicative of the results of operations that would have been attained had IGB REIT actually existed earlier.

5.3.4 IGB REIT may not be able to make distributions to Unitholders or the level of distributions may fall.

Distributable Income is dependent on:

- (i) the NPI earned from real estate investments which depends on, among other factors (i) the amount of Gross Rental Income and other property income received and (ii) the level of property expenses incurred; and
- (ii) the trust level expenses of IGB REIT, such as Management Fees and financing costs.

If the Subject Properties do not generate sufficient Distributable Income and cash flows, IGB REIT's ability to make distributions to Unitholders could be adversely affected.

No assurance is given as to IGB REIT's ability to pay or maintain distributions. Neither is there any assurance that the level of distributions will increase over time, that there will be contractual increases in rent under the tenancies of the Subject Properties or that the receipt of Gross Rental Income in connection with expansion of the properties or acquisitions of properties will increase IGB REIT's cash flow available for distribution to Unitholders.

5.3.5 The NAV per Unit may be diluted if further issues are priced below the then current NAV per Unit.

The Deed contemplates new issues of Units, the offering price for which may be above, at or below the then current NAV per Unit. The NAV per Unit may be diluted if new Units are issued and the use of proceeds from such issue of Units generates insufficient cashflow to cover the dilution. Where new Units, including Units which may be issued to the Manager in payment of the Management Fee, are issued at less than the NAV per Unit, the then current NAV of each existing Unit may be diluted.

5.3.6 Unitholders who do not or are not able to participate in future equity financing by IGB REIT will experience a dilution of their interest in IGB REIT.

If Unitholders do not or are not able to participate in any future equity fund raising, such as rights issues or private placements, their proportionate interest in IGB REIT will be reduced. Any consideration received by such Unitholders in exchange for any rights under future equity fund raisings may not be sufficient to compensate for the dilution of their unitholdings as a result of the equity fund raising.

5.3.7 The price of the Units may decline after the Listing.

The Final Retail Price and the Institutional Price may not be indicative of the market price for the Units upon completion of the Listing. The trading price of the Units will depend on many factors, including, but not limited to:

- (i) the perceived prospects of IGB REIT's business and investments and the market for retail properties or Real Estate-Related Assets;
- (ii) differences between IGB REIT's actual financial and operating results and those expected by investors and analysts;
- (iii) changes in analysts' recommendations or projections, if any;
- (iv) changes in general economic or market conditions;
- (v) the market value of IGB REIT's assets;
- (vi) the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the real estate sector;
- (vii) the balance of buyers and sellers of the Units;
- (viii) the size and liquidity of the Malaysian REIT market;
- (ix) any changes to the regulatory system, including the tax system, both generally and specifically in relation to Malaysian REITs;
- (x) the ability on the Manager's part to implement successfully its investment and growth strategies; and
- (xi) broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets.

Units may trade at prices that are higher or lower than the NAV per Unit. To the extent that IGB REIT retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of IGB REIT's Total Asset Value and NAV, may not correspondingly increase the market price of the Units. Any failure to meet market expectations with regards to future earnings and cash distributions may adversely affect the market price for the Units.

Where new Units are issued at less than the market price of Units, the value of an investment in Units may be affected. The Units are not capital-protected/guaranteed products. There is no guarantee that Unitholders can regain the amount invested. If IGB REIT is terminated or liquidated, investors may lose a part or all of their investment in the Units.

5.3.8 Cyclical market and economic conditions may affect the price and demand for the Units.

Cyclical movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units. In particular, an increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return compared to other investments.

There can be no assurance that the performance of the Malaysian securities markets will continue to improve. The Malaysian securities markets are smaller than certain other international securities markets. Malaysian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

5.3.9 The laws, regulations and accounting standards in Malaysia may change, including the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs.

IGB REIT may be affected by the introduction of new or revised legislation, regulations or accounting standards. Accounting standards in Malaysia are subject to change as they are further aligned with international accounting standards. The financial statements of IGB REIT may be affected by the introduction of such revised accounting standards. The extent and timing of these changes in accounting standards are unknown and subject to confirmation by the relevant authorities.

There is no assurance that these changes will not:

- (i) have a significant impact on the presentation of IGB REIT's financial statements;
- (ii) have a significant impact on IGB REIT's results of operations;
- (iii) have an adverse effect on the ability of IGB REIT to make distributions to Unitholders;
- (iv) have an adverse effect on the ability of the Manager to carry out IGB REIT's investment strategy; or
- (v) have an adverse effect on the operations and financial condition of IGB REIT.

IGB REIT may also be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs. There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect REITs in general or IGB REIT specifically and hence have a corresponding adverse effect on Unitholders.

5.3.10 The Malaysian Ringgit may be subject to exchange controls.

From 1998 to 2005, Bank Negara Malaysia maintained a fixed exchange rate of RM3.80 to USD1.00. In 2005, Bank Negara Malaysia removed the peg and allowed the Malaysian Ringgit to operate in a managed float, with the value of the currency being determined by various economic factors. There can be no assurance that Bank Negara Malaysia will, or would be able to, intervene or maintain this managed float system in the future or that any such intervention or managed float system would be effective. In addition, there can be no assurance that the exchange rate will not deviate significantly from the previous fixed exchange rate.

Furthermore, there can be no assurance that the Government will not impose more restrictive or other exchange controls. Any further imposition, variation or removal of exchange controls may adversely affect the value of the Units or the ability of investors to repatriate the proceeds of any distributions or from the sale of any Units out of Malaysia.

5.3.11 Foreign investment in Malaysian assets may be subject to further controls.

Foreign investment in Malaysian assets is regulated and monitored by the Economic Planning Unit of the Prime Minister's Department. Currently there is no restriction imposed on foreign investment in REITs which have invested in Malaysian assets. However, there can be no assurance that the Economic Planning Unit of the Prime Minister's Department and/or the Government will not impose any restrictive or other controls relating to foreign investment in Malaysian assets. Any imposition or variation of such controls may affect Unitholders' ability to sell the Units to foreign parties and may affect the liquidity of the Units. Such conditions may also limit IGB REIT's access to future sources of equity capital.

5.3.12 Unitholders may be unable to recover claims brought against the Manager as the Manager is not an entity with significant assets.

Unitholders may in future have claims against the Manager in connection with the carrying on of its duties as manager of IGB REIT (including in relation to the Offering and this Prospectus).

Under the terms of the Deed, the Manager is indemnified from the Deposited Property against any actions, costs, claims, damages, expenses or demands to which it may be put as manager of IGB REIT unless occasioned by fraud, gross negligence, wilful default or breach of the Deed by the Manager. In the event of any such fraud, gross negligence, wilful default or breach, only the assets of the Manager itself and not the Deposited Property would be available to satisfy a claim.

5.3.13 The Manager is not obliged to redeem the Units.

Unitholders have no right to request the Manager to redeem their Units. Accordingly, apart from selling their Units through trading on the Main Market, Unitholders may not be able to realise their investments in the Units.

5.3.14 The REIT market in Malaysia is relatively undeveloped compared to the REIT markets in Australia, Hong Kong and Singapore and the Units have never been publicly traded; the listing of the Units on the Main Market may not result in an active or liquid market for the Units.

There is no public market for the Units prior to the Offering and an active public market for the Units may not develop or be sustained after the Listing. Bursa Securities' approval for the admission of all the issued Units of IGB REIT to the Official List of the Main Market and for permission to deal in and the listing of, and quotation for, all the issued Units was obtained on 3 August 2012. However, listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. Prospective Unitholders must be prepared to hold their Units for an indefinite length of time.

Furthermore, it may be difficult to assess IGB REIT's performance against either domestic or international benchmarks. The REIT market in Malaysia is relatively undeveloped compared to the REIT markets in Australia, Hong Kong and Singapore which could lead to a lack of liquidity for the Units and a general lack of investor demand for Malaysian REITs such as IGB REIT. There can be no assurance that an active market for REITs will develop in Malaysia.

5.3.15 Failure in the Listing may result in refund of monies without interest.

The Listing is exposed to the risk that it may fail should any one or more of the following events occur:

- (i) the Joint Underwriters and the Joint Bookrunners exercise their rights pursuant to the Retail Underwriting Agreement and the Placement Agreement, respectively, to discharge themselves from their obligations thereunder;
- (ii) IGB REIT is unable to meet the public spread requirement of a minimum of 1,000 public Unitholders holding not less than 100 Units each at the point of Listing or such other minimum public unitholding spread as may be approved by Bursa Securities; or
- (iii) IGB REIT is unable to meet the minimum subscription in terms of the number of Units to be acquired by public unitholders for IGB REIT to achieve a public unitholding spread of approximately 17.8% at the point of Listing as a condition of the approval by Bursa Securities of the Extension Application.

If the Offering is not completed and/or the Manager decides in its absolute discretion not to proceed with the Listing, any monies paid in respect of all applications under the Retail Offering will be refunded without interest.

5.3.16 There is no assurance that the Units will remain listed on Bursa Securities and/or not be suspended from trading.

Although it is intended that the Units will remain listed on Bursa Securities, there is no guarantee of the continued listing of the Units. Among other factors, IGB REIT may not continue to satisfy the public spread requirements under the Listing Requirements. Accordingly, Unitholders will not be able to sell their Units through trading on Bursa Securities if the Units are no longer listed on Bursa Securities and/or are suspended from trading for an indefinite period.

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6. THE MANAGER

6.1 CORPORATE INFORMATION

The Manager, IGB REIT Management Sdn Bhd, was incorporated in Malaysia on 21 March 2012. As at the date of this Prospectus, it has an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of par value RM1.00 each of which 1,000,000 ordinary shares have been issued and fully paid-up. The principal activity of the Manager is to manage and administer IGB REIT. The Manager is a wholly-owned subsidiary of the Sponsor.

As at the date of this Prospectus, the Manager only manages IGB REIT.

6.2 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF 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 REIT and its business. The Manager's main responsibility is to manage activities in relation to IGB REIT.

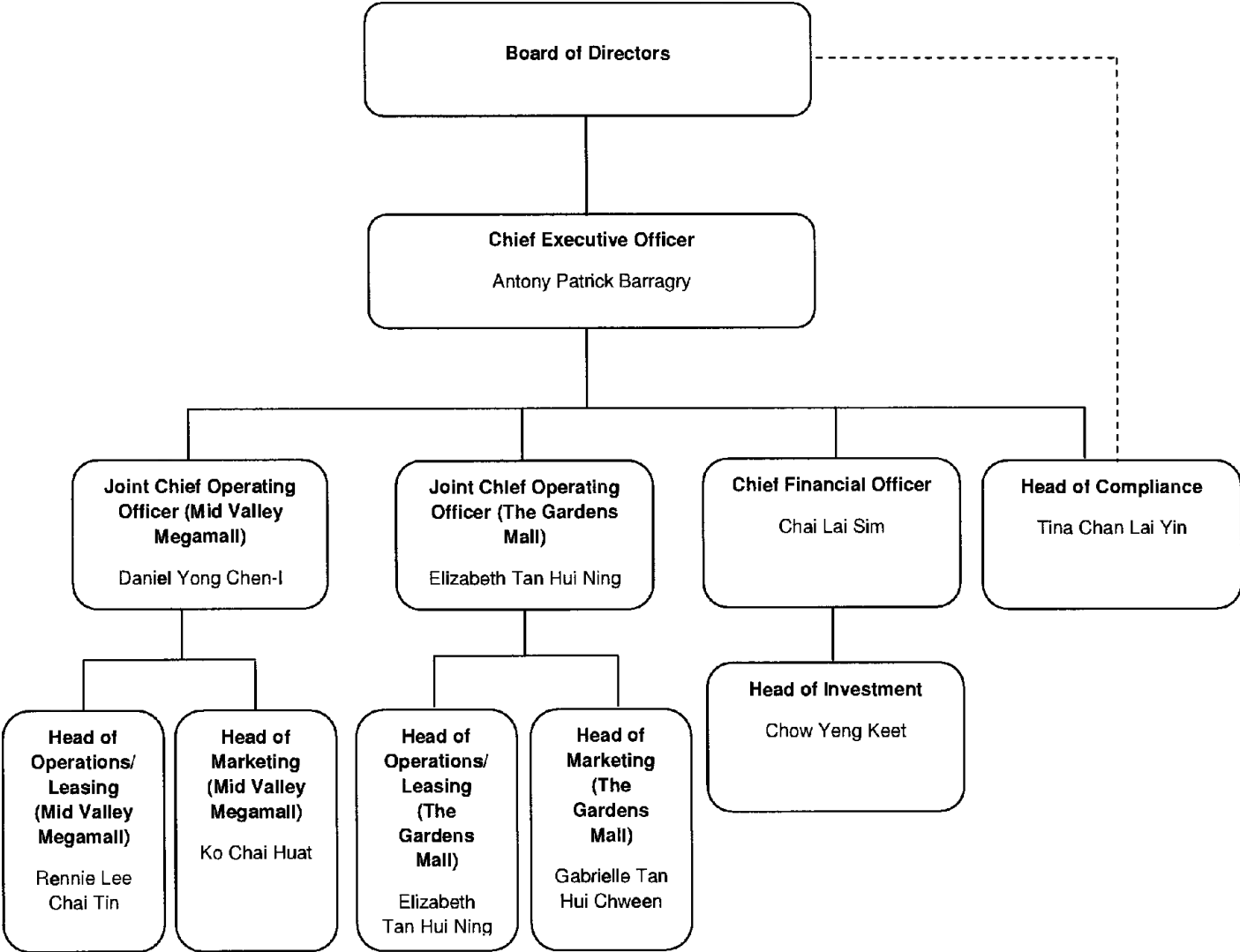
The Manager shall, in managing IGB REIT, undertake primary management activities in relation to IGB REIT, including but not limited to overall strategy, risk management strategy, new acquisition and disposal analysis, marketing and communications, individual asset performance and business planning, market performance analysis and other activities as provided under the Deed.

In addition, the Manager covenants with the Trustee and each of the Unitholders, among others, the following:

- (a) to carry on and conduct its business in a proper, diligent and efficient manner and ensure that IGB REIT is managed and administered in a proper, diligent and efficient manner and in accordance with the Deed, the Relevant Laws and Requirements and acceptable and efficacious business practices in the real estate investment industry;
- (b) to act with due care, skill and diligence in managing IGB REIT and effectively employ the resources and procedures necessary for the proper performance of IGB REIT;
- (c) to observe high standards of integrity and fair dealing in managing IGB REIT to the best and exclusive interest of the Unitholders;
- (d) not to take on, lease or otherwise acquire, any immovable property or any interest therein, except for the purposes of operating IGB REIT and those entered into in the ordinary course of business;
- (e) not to make improper use of its position in, or information acquired through, managing IGB REIT to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interests of Unitholders and to ensure that its officers and delegates comply with the same;
- (f) to the same extent as if the Trustee was a director of the Manager.

- (i) to make available to the Trustee or an authorised officer or employee of the Trustee or the auditor appointed by the Trustee, for inspection the whole of the books and records of the Manager in relation to IGB REIT wherever kept;
 - (ii) to make available to the Trustee or an authorised officer or employee of the Trustee or the auditor appointed by the Trustee, for inspection all financial and other records of IGB REIT wherever kept; and
 - (iii) to give to the Trustee or an authorised officer or employee of the Trustee or the auditor appointed by the Trustee such oral or written information, explanation or other assistance that they may require with respect to all matters relating to IGB REIT or any Deposited Property (whether acquired before or after the date of the Deed) or otherwise relating to the affairs of IGB REIT;
- (g) to ensure that IGB REIT has, at all times, an appointed trustee and a person responsible for ensuring compliance with the Deed and the Relevant Laws and Requirements;
 - (h) to appoint a property management company which has been approved by the Trustee to manage the Real Estate held by IGB REIT and which possesses adequate human resources with the necessary qualifications, expertise and experience in real estate management;
 - (i) to take all necessary steps to ensure that the Deposited Property is adequately protected and properly segregated;
 - (j) to insure and keep covered or insured in the name of the Trustee for their full replacement value or such amounts as may be recommended by a qualified valuer against fire, explosion, storm, tempest, flood, lightning and other usual risks including loss of rent where applicable on all Real Estate comprised in the Deposited Property and on request by the Trustee produce for the inspection of the Trustee all insurance policies effected;
 - (k) to take all reasonable steps and exercise due diligence to ensure that the Deposited Property and the Units are correctly valued in accordance with provisions of the Deed and the Relevant Laws and Requirements; and
 - (l) to establish and maintain risk management systems and controls to enable it to identify, assess, mitigate, control and monitor risks in relation to IGB REIT.

6.3 MANAGEMENT REPORTING STRUCTURE



6.4 DIRECTORS OF THE MANAGER

The Board is entrusted with the responsibility for the overall management of the Manager. The Board consists of nine directors. The following table sets forth certain information regarding the directors of the Manager:

No.	Name	Nationality	Position
1.	Tan Sri Dato' Dr. Lin See Yan	Malaysian	Chairman and Independent Non-Executive Director
2.	Robert Tan Chung Meng	Malaysian	Managing Director and Non-Independent Executive Director
3.	Halim bin Haji Din	Malaysian	Independent Non-Executive Director
4.	Le Ching Tai @ Lee Chen Chong	Malaysian	Independent Non-Executive Director
5.	Tan Boon Lee	Malaysian	Non-Independent Non-Executive Director
6.	Tan Lei Cheng	Malaysian	Non-Independent Non-Executive Director
7.	Daniel Yong Chen-I	Malaysian	Non-Independent Executive Director
8.	Elizabeth Tan Hui Ning	Malaysian	Non-Independent Executive Director
9.	Tan Yee Seng	Malaysian	Non-Independent Non-Executive Director

6.4.1 Experience and Expertise of the Board of Directors

Information on the business and working experience of the directors of the Manager is set out below:

Tan Sri Dato' Dr. Lin See Yan was appointed to the Board on 27 April 2012. He is an Independent Non-Executive Director and Chairman of the Manager.

Dr. Lin is an independent strategic and financial consultant. Prior to 1998, he was Chairman/President and Chief Executive Officer of Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia (the Central Bank), having been a central banker for 34 years. Dr. Lin continues to serve the public interest, including Member, Prime Minister's Economic Council Working Group, as well as a member of a number of key National Committees on Higher Education; Economic Advisor, Associated Chinese Chambers of Commerce & Industry of Malaysia; Board Director, Monash University Sunway Campus Malaysia Sdn Bhd; and Governor, Asian Institute of Management, Manila. In addition, Dr. Lin sits on the Boards of several public listed companies in Malaysia, including KrisAssets Holdings Berhad, Ancom Berhad, Fraser & Neave Holdings Berhad, Genting Berhad, JobStreet Corporation Berhad, Wah Seong Corporation Berhad and Top Glove Corporation Berhad, and a number of business enterprises in Malaysia, Singapore and Indonesia engaged in insurance, mining,

petroleum related products, property development, software and private equity. Dr. Lin is Chairman Emeritus of Harvard University's Graduate School Alumni Association Council in Cambridge (USA) as well as President, Harvard Club of Malaysia. He is also Professor of Economics (Adjunct), Universiti Utara Malaysia and Professor of Business & International Finance (Adjunct), University Malaysia Sabah and a Trustee of the Tun Ismail Ali Foundation (PNB), Harvard Club of Malaysia Foundation, Malaysian Economic Association Foundation and Jeffrey Cheah Foundation.

Professionally qualified in the United Kingdom as a Chartered Statistician, Dr. Lin is also a banker, economist and venture entrepreneur. He is a British Chartered Scientist having received three post-graduate degrees from Harvard University (including a PhD in Economics) where he was a Mason Fellow and Ford Scholar. He is an Eisenhower Fellow and a Fellow of the IMF Institute (Washington DC), Royal Statistical Society (London), Malaysian Institute of Bankers, Malaysian Insurance Institute, Malaysian Institute of Management and Malaysian Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies in Malaysia.

Robert Tan Chung Meng was appointed to the Board on 21 March 2012. He is the Managing Director of the Manager and a Non-Independent Executive Director.

He has extensive experience in property development, hotel construction, retail design and development as well as corporate management with almost 20 years experience in the property industry. After studying Business Administration in the United Kingdom, he was attached to a Chartered Surveyor's firm for a year. He also developed a housing project in Central London before returning to Malaysia. His stint in the property industry began with IGB in 1995 when he was made IGB's Joint Managing Director and subsequently becoming its Group Managing Director in 2001, a position he currently holds today.

He has been involved in various development projects carried out by the IGB group, in particular Mid Valley City. From inception to the realisation of the Subject Properties, he was actively involved in every stage of its development. The full fruition of his grand vision is the construction and development of the Subject Properties which spanned over a decade into a landmark retail complex in Malaysia. He is instrumental to the development and success of the Subject Properties and more importantly, in retaining their positions as prime retail players amidst increasingly competitive retail landscape. Through his management and leadership, the Subject Properties are now two of the most popular shopping malls in the Klang Valley¹, enjoying an almost full occupancy rate for the past three years.

Other than being the Group Managing Director of IGB, he is also the Group Managing Director of KrisAssets, the Non-Executive Chairman of Wah Seong Corporation Berhad and a Non-Executive Director of Tan & Tan Developments Berhad.

¹ According to the Independent Property Market Consultant, footfalls to the Subject Properties were estimated to be 34.7 million in 2011 which are among the top in Malaysia. The popularity of the Subject Properties is reflected by the high footfall. For further details, please refer to Appendix B "Independent Property Market Report" of this Prospectus.

Halim bin Haji Din was appointed to the Board on 27 April 2012, and is an Independent Non-Executive Director.

He is a Chartered Accountant who spent more than 30 years working for multinational corporations and international consulting firms. He accumulated 18 years of experience working in the Oil and Gas Industry, of which six years was spent as a board member of Caltex/Chevron, responsible for financial management, before engaging in the consulting business. Prior to his appointment as a board member of Caltex Malaysia, Encik Halim served as Regional Financial Advisor for Caltex Petroleum Corporation Dallas, Texas overseeing investment viability of the corporation's Asian subsidiaries.

He also had an extensive experience in corporate recovery when he worked for Ernst & Whinney, London, United Kingdom in the mid-1980's. He was appointed as Managing Partner of the consulting division of Ernst & Young Malaysia in 1995. He later became the Country Advisor of Cap Gemini Ernst & Young Consulting Malaysia when Cap Gemini of France merged with Ernst & Young Consulting. In 2003, he with two partners took over the consulting business of Cap Gemini Ernst & Young Malaysia through a management buy-out and rebranded it as Innovation Associates, currently known as The IA Group, where he is currently the Chairman of the group.

He is also a Director of KrisAssets, Wah Seong Corporation Berhad and BNP Paribas Malaysia Berhad.

Le Ching Tai @ Lee Chen Chong was appointed to the Board on 27 April 2012, and is an Independent Non-Executive Director.

He is a Fellow of the Chartered Institute of Bankers (FCIB), London, United Kingdom and spent a total of 34 years in commercial and international banking with local as well as banks overseas. From 1972 to 1984, he was the Chief Executive Officer of an overseas bank in the City of London. In 1985, he returned to Malaysia and joined a Malaysia-French joint-venture bank in Kuala Lumpur as an Executive Director. He was subsequently appointed the Managing Director until he relinquished the post in end 1993. The next four years saw him spend time overseas as Chief Executive Officer and Director of international banks in the Czech Republic, Hungary and Malta.

He is a Director of KrisAssets and was associated with Multi-Purpose group of companies from 1989 until his retirement as Executive Director at the end of 2000. He was an Executive Director of Ipmuda Berhad from December 2001 until retiring in January 2008.

Tan Boon Lee was appointed to the Board on 27 April 2012, and is a Non-Independent Non-Executive Director.

He holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He has 24 years' experience in the property and hotel industry, providing management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was President of the Malaysian Association of Hotel Owners from 2002 to 2004.

He spearheaded IGB group's growth into the emerging economies of Myanmar and Cambodia in the 1990's via the group's hotel division. He is currently instrumental in the group's growth of the "Cititel Express" branding and a new four-star hotel in Sydney. As the Chief Executive Officer of Tan & Tan Developments Berhad, which is the property

division of IGB, he will be launching a number of properties in 2012 and 2013 in Kuala Lumpur and Selangor.

He is presently an Executive Director of IGB and a Director of KrisAssets, Goldis Berhad, Macro Kiosk Berhad, SW Homeowners Berhad and Tan & Tan Developments Berhad.

Tan Lei Cheng was appointed to the Board on 27 April 2012, and is a Non-Independent Non-Executive Director.

She holds a Bachelor of Commerce from the University of Melbourne, Australia and a Bachelor of Law from King's College, London (LLB Hons.), England. She is also a member of Lincoln's Inn and was admitted to the English Bar in 1983.

She has 30 years of experience in the property industry and the corporate sector. She was the Chief Executive Officer of Tan & Tan Developments Berhad from March 1995, a property development company that was listed on Bursa Securities until Goldis Berhad took over its listing on 8 May 2002, following the completion of the merger between IGB, Tan & Tan Developments Berhad and Goldis Berhad. She is presently the Executive Chairman and Chief Executive Officer of Goldis Berhad. She also sits on the Boards of IGB, KrisAssets, Macro Kiosk Berhad and Tan & Tan Developments Berhad. She is a member of the World Presidents' Organisation, Malaysia Chapter and a board member of Kuala Lumpur Business Club Advisory Council.

Daniel Yong Chen-I was appointed to the Board on 27 April 2012, and is a Non-Independent Executive Director and the Joint Chief Operating Officer (Mid Valley Megamall) of the Manager.

He is a law graduate from the University of Bristol, England. He joined MVC in 1999 as a member of the pre-opening retail development team. He was appointed an Executive Director of MVC in 2003 and has been responsible for overseeing the marketing, leasing, management and operation of Mid Valley Megamall since. He was also involved in the design and pre-opening of The Gardens Mall from 2004 to 2007. His prior work experience includes the development of bespoke systems with BYG Systems Ltd in England and Operational Management with Wah Seong Engineering Sdn Bhd, the distributor and manufacturer for Toshiba Elevator and Escalators in Malaysia.

He is a Director of KrisAssets and the Alternate Director to Pauline Tan Suat Ming on the Board of IGB.

Elizabeth Tan Hui Ning was appointed to the Board on 27 April 2012, and is a Non-Independent Executive Director, the Joint Chief Operating Officer (The Gardens Mall) and Head of Operations / Leasing (The Gardens Mall) of the Manager. She is also the Director of Leasing of MVCG.

She graduated with First Class Honours from Cardiff University, Wales, United Kingdom with a degree in Business Administration (BSc) in June 2004. She joined MVCG in August 2004 and subsequently assumed her present role as the Director of Leasing of MVCG. She is responsible for the conceptualisation and strategy of the tenant mix of The Gardens Mall as well as overseeing the leasing, retail development and customer service departments. She is the Alternate Director to Robert Tan Chung Meng on the Board of KrisAssets.

Tan Yee Seng was appointed to the Board on 27 April 2012, and is Non-Independent Non-Executive Director.

He holds a professional Diploma of Architecture (Royal Institute of British Architects, Part 2) from the University of East London, United Kingdom. He joined IGB in 2010 as Senior General Manager (Property Development) division. His prior work experience includes being part of the pre-opening team member of G Tower which is owned by Goldis Berhad, where he oversaw the coordination of base building, fit out and operations. He was also extensively involved in the aesthetic realisation of The Gardens Mall while working at Ensignia Construction Sdn Bhd, IGB's construction arm, where he worked as a design architect. There he used his training to create and fine tune the facades and key elements of the Subject Properties. He has also been a design architect at Eric Kuhne Associates in London where he worked on several large mixed-use proposals.

6.4.2 Directorships of Directors of the Manager in other Management Companies

As at the Latest Practicable Date, none of the directors of the Manager hold directorships in any other management companies.

6.4.3 Role of the Board of Directors

The key roles of the Board are to:

- guide the corporate strategy and directions of the Manager (including acquisition and divestment of Deposited Property);
- oversee the proper conduct of the Manager (including budgeting approval and all other financial matters);
- set the guidelines for internal controls;
- ensure compliance with Relevant Laws and Requirements;
- determine and approve the distribution amounts to Unitholders and payment of Management Fees; and
- evaluate and approve the acquisition and divestment of properties.

The Board comprises nine members, three of whom are Independent Non-Executive Directors. The Audit Committee of the Board comprises Tan Sri Dato' Dr. Lin See Yan, Halim bin Haji Din, Le Ching Tai @ Lee Chen Chong and Tan Lei Cheng. Halim bin Haji Din will assume the position of Chairman of the Audit Committee.

Each director of the Manager has been appointed on the basis of his professional experience and ability to contribute to the proper guidance of IGB REIT.

The Board will have in place a set of internal controls which set out certain approval limits to facilitate operational efficiency as well as arrangements in relation to cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Changes to regulations and accounting standards are monitored closely by the Audit Committee. To keep pace with regulatory changes, where these changes have an important bearing on the Manager's or its directors' disclosure obligations, the directors of the Manager will be briefed either during Board meetings or at specially convened sessions involving relevant professionals.

Management also provides the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

At least one-third of the directors of the Manager are non-executive and independent. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with clear identifiable roles of the Chairman and the Chief Executive Officer, provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective check and balance. The Chairman of the Board is Tan Sri Dato' Dr. Lin See Yan, while the Chief Executive Officer is Antony Patrick Barragry.

There are clear identifiable roles and responsibilities for the Chairman, the Managing Director and the Chief Executive Officer of the Manager. This is to ensure an appropriate balance of power and authority to facilitate effective oversight and clear segregation of duties. The Chairman assumes responsibility for the management of the Board and ensures that members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategies, business operations, enterprise risk and other plans. The Managing Director as a representative of the Board, together with the Chief Executive Officer are accountable to the Board to recommend ideas and set strategic policies for IGB REIT. The Chief Executive Officer is responsible for the implementation of Board policies and decisions and has full executive responsibility over the business direction and the strategy implementation of IGB REIT, including the day-to-day operational management of IGB REIT, execution of the agreed business policies and directions set by the Board and of all operational decisions in managing IGB REIT.

The Board has direct access to the advice and services of senior management and the company secretary in furtherance of their duties. The Board may seek independent professional advice on any matter connected with the discharge of its responsibilities as it may deem necessary and appropriate.

6.5 MANAGEMENT TEAM OF THE MANAGER

The executive officers of the Manager are entrusted with the responsibility for the daily operations of the Manager. The following table sets forth information regarding the executive officers of the Manager:

Name	Nationality	Position
Antony Patrick Barragry	British	Chief Executive Officer
Daniel Yong Chen-I	Malaysian	Joint Chief Operating Officer (Mid Valley Megamall)
Elizabeth Tan Hui Ning	Malaysian	Joint Chief Operating Officer (The Gardens Mall) and Head of Operations / Leasing (The Gardens Mall)
Chai Lai Sim	Malaysian	Chief Financial Officer
Chow Yeng Keet	Malaysian	Head of Investment
Rennie Lee Chai Tin	Malaysian	Head of Operations / Leasing (Mid Valley Megamall)
Ko Chai Huat	Malaysian	Head of Marketing (Mid Valley Megamall)
Gabrielle Tan Hui Chween	Malaysian	Head of Marketing (The Gardens Mall)
Tina Chan Lai Yin	Malaysian	Head of Compliance

6.5.1 Expertise and Experience of Executive Officers

Information on the working experience of the executive officers of the Manager is set out below:

Antony Patrick Barragry is the Chief Executive Officer of the Manager.

He is a qualified architect with 35 years of international experience in the design, development and operations of major mixed-use developments. His prior work experience includes the Putra World Trade Centre and the Renaissance Kuala Lumpur Hotel, the Ciragan Palace Hotel in Istanbul, and Jebel Ali Hotel development in Dubai. He was previously Project Director in the construction of Mid Valley City Phase 1, including Mid Valley Megamall. Appointed as Executive Director of MVC in 2002, he spearheaded the development of more than six million sq ft of commercial space in Mid Valley City's Phases 2, 3 and 4. He was also Project Director for the design and construction of the St Giles Hotel, Heathrow, London and the upgrading of IGB's Pangkor Island Beach Resort, a 100-acre beach-front property on Pangkor Island. In January 2008, he was appointed Chief Executive Officer of MVCG.

He holds a Diploma in Architecture from the University of Sheffield and is a member of the International Council of Shopping Centers and FIABCI.

Daniel Yong Chen-I is the Joint Chief Operating Officer (Mid Valley Megamall) and a Non-Independent Executive Director of the Manager. Details of his working experience have been set out in Section 6.4.1 "Experience and Expertise of the Board of Directors" of this Prospectus.

Elizabeth Tan Hui Ning is the Joint Chief Operating Officer (The Gardens Mall), Head of Operations/Leasing (The Gardens Mall) and a Non-Independent Executive Director of the Manager. She is also the Director of Leasing of MVCG. Details of her working experience have been set out in Section 6.4.1 "Experience and Expertise of the Board of Directors" of this Prospectus.

Chai Lai Sim is the Chief Financial Officer of the Manager.

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

She is a member of both the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

Chow Yeng Keet is the Head of Investment of the Manager.

He is presently the General Manager, Corporate Finance of IGB and Director of Finance of MVC. He has 15 years of experience in corporate finance and advisory covering mergers and acquisitions, equity and debt fund raising, capital management and restructuring, valuations as well as take-over offers.

He started his career as Corporate Finance Executive with the then Sime Merchant Bankers Berhad in 1997. Thereafter, he was with Commerce International Merchant Bankers Berhad (now known as CIMB) for five years where his last position was a Corporate Finance Manager prior to joining IGB in 2004. Currently, he is involved in corporate finance as well as finance and accounts of the KrisAssets group.

He holds a Bachelor of Economics (First Class Honours) from University of Malaya and is a Fellow of the Association of Chartered Certified Accountants.

Rennie Lee Chai Tin is the Head of Operations / Leasing (Mid Valley Megamall) of the Manager. She is also the General Manager of MVC.

She joined MVC in 1995. She has approximately 19 years of work experience in leasing and operations within the retail industry. She is credited with being part of the founding team in the marketing of Mid Valley City. Her previous work experience includes the leasing and marketing of Mahkota Parade in Malacca, Subang Parade and IOI shopping centers in Kuala Lumpur. She was a key member of Mid Valley Megamall pre-opening team.

Ko Chai Huat is the Head of Marketing (Mid Valley Megamall) of the Manager. He is also the Director of Design of MVC.

He joined MVC in 1999. He has approximately 24 years of work experience in visual merchandising as well as advertising and promotion. He was formerly Visual Merchandising Manager at Atria Shopping Centre in Kuala Lumpur. He directs, conceptualises and leads all design set ups for promotional activities and events in Mid

Valley Megamall. He was a key member of the Mid Valley Megamall pre-opening team. He holds a Diploma in Fine Arts.

Gabrielle Tan Hui Chween is the Head of Marketing (The Gardens Mall) of the Manager. She is also the Director of Marketing of MVCG.

She holds a Bachelor of Arts in Business Economics from the University of Exeter, United Kingdom and a Bachelor of Fine Arts degree in fashion design and marketing from the American Intercontinental University - London, United Kingdom. She joined MVCG as the Head of Marketing in 2007 and subsequently assumed the role of Director of Marketing. She oversees the advertising and promotions activities as well as the public relations initiatives at The Gardens Mall. She is also a director of MVCG.

Tina Chan Lai Yin is the Head of Compliance of the Manager.

She has a broad knowledge and skill-base in corporate secretarial work, having dealt with a wide range of corporate exercises in the course of her 20 years working experience. She is presently the Company Secretary of the IGB group, a position which she has held since 1997. She heads the corporate secretarial division and is responsible for the efficient administration of the IGB group, particularly with regard to ensuring compliance with statutory and regulatory requirements including key areas relating to governance and compliance structures which are implemented throughout the group. She also oversees the in-house share registrar department of IGB. She is also the Company Secretary of the KrisAssets group. Prior to joining IGB, she had worked in a legal firm, Rahman Hashim, V.T. Ravindran and Partners where she was the Company Secretary cum Administrator and was later attached to Tan & Tan Developments Berhad, her last position there being the Joint Company Secretary where she had been significantly involved in the flotation of Tan & Tan Developments Berhad in 1993 (the listing status of which was assumed by Goldis Berhad following the completion of the merger between Tan & Tan Developments Berhad and IGB in 2002).

She is an Associate of The Institute of Chartered Secretaries and Administrators.

6.5.2 Roles of the Executive Officers of the Manager

The **Chief Executive Officer** oversees the day-to-day operational management of IGB REIT, which includes implementation of policies, strategies and decisions adopted by the Board. The Chief Executive Officer has the principal responsibility of ensuring that IGB REIT operates in accordance with the Manager's stated investment strategy. The Chief Executive Officer will work together with the management team to address strategies, business operations, financial performance and risk management issues in meeting the strategic, investment and operational objectives of IGB REIT.

The **Joint Chief Operating Officer (Mid Valley Megamall)** will assist the Chief Executive Officer to oversee the management and operations of IGB REIT's properties. Together with the Head of Operations / Leasing (Mid Valley Megamall) and Head of Marketing (Mid Valley Megamall), the Joint Chief Operating Officer (Mid Valley Megamall) is also responsible for formulating the business plans in relation to Mid Valley Megamall with short, medium and long-term objectives, and with a view to maximising the rental income of IGB REIT via proactive asset management. They will work closely with the Property Manager to implement IGB REIT's strategies to maximise the income generation potential

and minimise the expense base of Mid Valley Megamall without compromising its marketability. They will also work closely with the Property Manager to implement IGB REIT's leasing strategies for Mid Valley Megamall, to actively engage existing tenants in order to improve rentals.

The **Joint Chief Operating Officer (The Gardens Mall)** will assist the Chief Executive Officer to oversee the management and operations of IGB REIT's properties. Together with the Head of Operations / Leasing (The Gardens Mall) and Head of Marketing (The Gardens Mall), the Joint Chief Operating Officer (The Gardens Mall) is also responsible for formulating the business plans in relation to The Gardens Mall with short, medium and long-term objectives, and with a view to maximising the rental income of IGB REIT via proactive asset management. They will work closely with the Property Manager to implement IGB REIT's strategies to maximise the income generation potential and minimise the expense base of The Gardens Mall without compromising its marketability. They will also work closely with the Property Manager to implement IGB REIT's leasing strategies for The Gardens Mall, to actively engage existing tenants in order to improve rentals.

The **Chief Financial Officer** of the Manager will work with the Chief Executive Officer and the other members of the Manager's management team to formulate strategic plans for IGB REIT in accordance with the Manager's stated investment strategy. The Chief Financial Officer will be responsible for applying the appropriate capital management strategy, including tax and treasury matters, as well as finance and accounting matters, overseeing implementation of IGB REIT's short and medium-term business plans, fund management activities and financial condition.

The **Head of Investment** is responsible for sourcing investment opportunities, evaluating divestment needs and ensuring that investments are in line with IGB REIT's investment policy, objective and strategies. In addition, the Head of Investment is also responsible for ensuring completion of acquisitions and financing arrangements, developing financial models to report the performance of the investments, as well as seeking to optimise the value of the investment portfolio of IGB REIT.

The **Head of Compliance** is responsible for ensuring that IGB REIT complies with the Relevant Laws and Requirements. The Head of Compliance is responsible for monitoring the internal corporate governance policies of IGB REIT and will report directly to the Board on specific compliance matters.

6.6 MANAGEMENT FEES

6.6.1 Details of the Management Fees

The Manager may elect to receive the Management Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). The Manager is entitled under the Deed to the following Management Fees (exclusive of service tax, if any):

(i) Base Fee

Up to 1.0% per annum of the Total Asset Value of IGB REIT (excluding cash and

bank balances which are held in non-interest bearing accounts)¹.

For the purposes of calculating the Base Fee only, where IGB REIT holds its investments through one or more SPVs, the Total Asset Value shall include the value of all the assets of the relevant SPV, pro-rated, if applicable, to the proportion of IGB REIT's interest in the relevant SPV.

The Manager intends to charge a Base Fee of 0.3% for the Forecast Period 2012 and the Forecast Year 2013.

(ii) Performance Fee

5.0% per annum of IGB REIT's NPI in the relevant financial year.

(iii) Acquisition Fee

1.0% of the transaction value (being the total purchase consideration) of any Real Estate and Real Estate-Related Assets directly or indirectly acquired from time to time by the Trustee or one or more SPVs on behalf of IGB REIT pro-rated, if applicable, to the proportion of IGB REIT's interest.

In the case of acquisition of SPVs or holding entities which holds Real Estate, 1.0% of the underlying value (as determined by an independent valuer appointed by the Trustee) of any Real Estate (which are directly or indirectly held through one or more SPVs of IGB REIT) pro-rated, if applicable, to the proportion of IGB REIT's interest.

Any payment to third party agents or brokers in connection with the acquisition of any Real Estate and Real Estate-Related Assets for IGB REIT shall not be paid by the Manager out of the acquisition fee received or to be received by the Manager (but shall be borne by IGB REIT).

For the avoidance of doubt, no Acquisition Fee is payable with respect to acquisition of the Subject Properties in connection with the Listing but Acquisition Fee is payable with respect to all other transactions (which includes related party and non-related party transactions), including acquisitions from the Sponsor.

(iv) Divestment Fee

0.5% of the transaction value (being the total sale consideration) of any Real Estate and Real Estate-Related Assets directly or indirectly sold or divested from time to time by the Trustee or one or more SPVs on behalf of IGB REIT pro-rated, if applicable, to the proportion of IGB REIT's interest.

In the case of divestment of SPVs or holding entities which holds Real Estate, 0.5% of the underlying value (as determined by an independent valuer appointed by the Trustee) of any Real Estate (which are directly or indirectly held through one or more SPVs of IGB REIT) pro-rated, if applicable, to the proportion of IGB REIT's interest.

¹ For the avoidance of doubt, the Base Fee is applicable to cash and bank balances in interest bearing accounts. Pursuant to the REIT Guidelines, not more than 25.0% of IGB REIT's Total Asset Value may be invested in Non-Real Estate-Related Assets and/or cash, deposits and money market instruments. For further details of the investment limits of IGB REIT, please refer to Section 1.3.4 "Authorised Investments and Investment Limits" of this Prospectus.

Any payment to third party agents or brokers in connection with the sale or divestment of any Real Estate and Real Estate-Related Assets for IGB REIT shall not be paid by the Manager out of the divestment fee received or to be received by the Manager (but shall be borne by IGB REIT).

For the avoidance of doubt, the Divestment Fee is payable with respect to all transactions (which includes related party and non-related party transactions), including divestments to the Sponsor, as well as for compulsory acquisitions.

The Management Fee should not be higher than that disclosed above in this Section 6.6 "Management Fees" unless:

- (i) the Manager has notified the Trustee in writing of the new higher rate, and the Trustee consents to the same;
- (ii) the Manager has announced to Bursa Securities of the higher fee rate and its effective date; and
- (iii) 90 days has elapsed from the date of this Prospectus.

The Management Fee as disclosed in this section may only be varied upwards from that stated in this Section 6.6 "Management Fees") 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 and in accordance with the requirements of the CMSA.

Based on the Profit Forecast, the Management Fee estimated for the Forecast Period 2012 and Forecast Year 2013 amounts to RM13.6 million and RM27.7 million respectively, which were computed based on a base fee of 0.3% per annum of the Total Asset Value of IGB REIT (excluding cash and bank balances which are held in non-interest bearing accounts) and a performance fee of 5.0% per annum of the NPI of the Subject Properties for both the Forecast Period 2012 and the Forecast Year 2013.

For the Forecast Period 2012 and the Forecast Year 2013, the Manager intends to receive up to 100% of its Management Fee in the form of Units. For the purposes of the Profit Forecasts, it is assumed that 100% of the Management Fee will be paid in Units for both the Forecast Period 2012 and the Forecast Year 2013.

The Management Fee is payable to the Manager in cash, new Units or a combination thereof as the Manager may elect. Any payment of the Management Fee in cash must be paid within seven days of (i) in respect of Base Fee and Performance Fee, the announcement of the relevant quarterly financial reports; or (ii) in respect of the Acquisition Fee and Divestment Fee, the completion of the relevant acquisition or divestment (collectively, "**Trigger Events**"). Any payment of the Management Fee in new Units must be paid as soon as practicable after obtaining Bursa Securities' approval for the listing of and quotation for the said Units. Where such approval cannot be obtained, the payment of the Management Fee will be paid in cash.

The Manager will ensure that the payment of the Management Fee in the form of new Units does not result in a conflict of interest by taking the following steps:

- (i) The payment of the Management Fee in the form of new Units will be in accordance with the following formula:

$$\begin{array}{l} \text{New Units to be issued as} \\ \text{payment of the} \\ \text{Management Fee} \end{array} = \frac{\text{Management Fee payable in Units}}{\text{Market Price}}$$

where the Market Price is the volume weighted average market price of the Units for the last five Market Days preceding each Trigger Event. With reference to any Book Closing Date, where the Trigger Event is before but the issuance of the new Units relating to such Trigger Event is after the said Book Closing Date, the Market Price will be further adjusted for the entitlement relating to such Book Closing Date; and

- (ii) The Manager will make immediate announcements to Bursa Securities disclosing the number of new Units issued and the issue price of the new Units when new Units are issued as payment for the Management Fee. Payment of the Management Fees in Units shall be subject to IGB REIT complying with the public spread requirements under the Listing Requirements and there being no adverse implications under the Take-Over Code.

Any issuance of the Units set out in Section 3.2 "Total Fund Size and Units to be Issued" of this Prospectus which have been approved by the SC to be allocated as payment of the Management Fee shall not require the approval of the Unitholders and the SC.

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6.6.2 Illustration of the Management Fee Payable

To illustrate the Management Fee payable in any particular financial year (other than for FY2012 and FY2013), the following scenarios for IGB REIT's financial position and performance as well as acquisition and divestment activities are assumed:

Total Asset Value as at the end of the current FY	:	RM4,700.0 million
NPI for the current FY	:	RM280.0 million
Acquisition activities during the FY	:	Acquisition 1: Acquisition of a Real Estate for a purchase consideration of RM500.0 million Acquisition 2: Acquisition of an SPV, which holds a Real Estate valued at RM500.0 million (by an independent valuer) and has borrowings of RM300.0 million, for a purchase consideration of RM200.0 million
Divestment activities during the FY	:	Divestment 1: Divestment of a Real Estate for a sale consideration of RM500.0 million Divestment 2: Divestment of an SPV, which holds a Real Estate valued at RM500.0 million (by an independent valuer) and has borrowings of RM300.0 million, for a sale consideration of RM200.0 million

Based on the above, the Management Fees payable by IGB REIT are illustrated on the two following scenarios as set out in the table below:

Base Case	:	Assuming Management Fee is charged at the rate in line with the assumptions for the Profit Forecasts (see Section 4.5.3.3 "Management Fee" of this Prospectus for further details)
Maximum Case	:	Assuming Management Fee is charged at the maximum rate provided for under the Deed

	Base Case	Maximum Case
Base Fee	0.3% of Total Asset Value = 0.3% of RM4,700.0 million = RM14.1 million	1.0% of Total Asset Value = 1.0% of RM4,700.0 million = RM47.0 million
Performance Fee	5.0% of NPI = 5.0% of RM280.0 million = RM14.0 million	5.0% of NPI = 5.0% of RM280.0 million = RM14.0 million
Acquisition Fee	Acquisition 1: 1.0% of transaction value = 1.0% of RM500.0 million = RM5.0 million Acquisition 2: 1.0% of underlying value = 1.0% of RM500.0 million = RM5.0 million	
Divestment Fee	Divestment 1: 0.5% of transaction value = 0.5% of RM500.0 million = RM2.5 million Divestment 2: 0.5% of underlying value = 0.5% of RM500.0 million = RM2.5 million	

Apart from the event driven fees (being the Acquisition Fee and the Divestment Fee), the aggregate annual Management Fee (being the Base Fee and Performance Fee) and its proportion as a percentage of NPI based on the illustrations above are RM28.1 million (10.0% of NPI) and RM61.0 million (21.8% of NPI) for the Base Case and Maximum Case, respectively.

6.7 OUTSOURCING OF THE REGISTRAR FUNCTION

The SC has approved the outsourcing of the registrar function by the Manager to IGB (Share Registration Department) on 26 July 2012.

The Manager has entered into a service agreement with the Sponsor to delegate the function of registrar to the share registration department of the Sponsor, IGB (Share Registration Department). Please refer to Section 7 "Background Information on the Sponsor" of this Prospectus for further details of the Sponsor.

IGB (Share Registration Department) was established in 1983 for purposes of providing share registrar services for the Sponsor. IGB (Share Registration Department) also provides share registration services for a few public listed companies in Malaysia such as KrisAssets, Goldis Berhad, IJM Plantation Berhad and IJM Land Berhad.

The principal services to be provided by the Registrar shall comprise, among others, the following:

- (i) maintenance and update of the register of Unitholders and providing public access to the same in compliance with the Act, CMSA, Securities Industry (Central Depositories) Act 1991 and any other relevant laws and in accordance with the provisions in the Deed;
- (ii) attending to relevant correspondences and enquiries from the Unitholders and any other interested parties pertaining to the register of Unitholders which include distribution statements, unclaimed moneys, registration of powers of attorneys, letters of administration, grant of probate, indemnities, court orders and any other matters ancillary thereto;
- (iii) processing and issuing of Global Certificate to Bursa Depository pursuant to bonus issue, rights issue and other corporate exercise subject to the satisfaction of the requirements of Bursa Securities (if applicable);
- (iv) preparing, sealing, signing, auditing and dispatching duly registered Global Certificate to Bursa Depository;
- (v) providing information to Bursa Depository of the relevant dates for book closure and payment;
- (vi) obtaining from Bursa Depository the list of Unitholders entitled to distribution;
- (vii) reconciling and submitting the distribution accounts to the Registrar of Unclaimed Moneys in accordance with the Unclaimed Moneys Act 1965;
- (viii) liaising with Bursa Depository to facilitate depositing of Units, access to the Record of Depositors, statistics for Unitholders' information and for the purpose of the Unitholders' meetings or any other corporate actions, in compliance with the Securities Industry (Central Depositories) Act 1991;
- (ix) providing statistical reports or detailed Unitholders' information for annual report disclosure and as may be required by the Manager or the relevant authorities on a regular basis or upon receipt of a written request, which shall include:
 - (a) analysis of Unitholders by size and type; and
 - (b) list of 30 largest Unitholders;
- (x) providing list of names and printing of address labels for the purposes of mailing the notices, circulars, documents, and annual reports to Unitholders;
- (xi) preparing distribution master list, bonus master list, rights issue master list, list of major Unitholders, analysis of Unitholders and distribution in terms of size of unitholdings and percentage, unit capital ownership analysis and any other lists which are not specifically mentioned therein which is/are required by the Manager;
- (xii) providing services for other corporate exercises (bonus/rights issues and distribution payment), which shall include the provision of information on the following:
 - (a) entitlement list;
 - (b) excess applicants list; and

- (c) successful allotment list;
- (xiii) maintenance of records, books and documents for the time period in accordance with the provisions as stipulated in the relevant laws, rules and guidelines;
- (xiv) acting as advisor to the Manager on all matters in relation to Bursa Depository or Securities Industry (Central Depositories) Act 1991 and be the official link between Bursa Depository and the Manager;
- (xv) performing registration formalities on consolidation and splitting of Global Certificate received from Bursa Depository;
- (xvi) processing issue of new Units including computation and allotment, verification of data for crediting into the respective CDS account and the subsequent dispatching of new Global Certificates to Bursa Depository, notices of allotment and relevant confirmation letter(s) to the Unitholders; and
- (xvii) preparing for and handling the registration for Unitholders' meeting using which includes the following:
 - (a) handling registration of Unitholders for meeting purpose;
 - (b) handling lodgment and processing of proxy forms received up to providing the analysis of voting instruction based on proxy forms received.

Notwithstanding the above, the services of the Registrar are not intended, in anyway, to diminish the responsibilities of the Manager. The registrar function is the responsibility of the Manager.

6.8 OUTSOURCING OF THE INTERNAL AUDIT FUNCTION

The SC has approved the outsourcing of the internal audit function by the Manager to IGB (Group Internal Audit Division) on 26 July 2012.

The Manager has entered into a service agreement with the Sponsor to delegate the function of internal auditor to the Group Internal Audit Division of the Sponsor, IGB (Group Internal Audit Division). Please refer to Section 7 "Background Information on the Sponsor" of this Prospectus for further details of the Sponsor.

IGB (Group Internal Audit Division) was established in 2001 for purposes of providing internal audit services for the Sponsor. IGB (Group Internal Audit Division) also provides the internal audit function for KrisAssets.

The principal services to be provided by the Internal Auditor to the Manager shall comprise, among others, the following:

- (i) develop an annual internal audit plan;
- (ii) conduct one internal control review ("ICR") per year or as and when advised by the Manager. The internal control review shall cover the following key business processes:
 - (a) procurement to payment of property operating expenses and property enhancement services;

- (b) tenancy management to collection of rentals;
 - (c) acquisition and divestment of investment properties and fund management activities;
 - (d) operational units, i.e. marketing, leasing, finance, building services, housekeeping, fit-out, business development and safety and health; and
 - (e) risk management;
- (iii) present the findings on ICR to the audit committee and/or Board at its meetings as and when required;
 - (iv) conduct one follow-up review to report on the status of implementation of management action plans arising from the internal control reviews conducted (as necessary);
 - (v) reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and reporting such information;
 - (vi) reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, regulations and contracts which could have a significant impact on operations and reports, and determine whether IGB REIT is in compliance;
 - (vii) reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
 - (viii) appraising the economy and efficiency with which resources are employed;
 - (ix) reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
 - (x) co-ordinating with the external auditors; and
 - (xi) as and when advised by the Manager, undertake ICR for each tenant in respect of the tenant sales verification audits, special reviews and/or investigations.

Notwithstanding the above, the primary obligation, accountability and responsibility with regards to the scope of internal audit services shall remain with the Board and the Manager at all times.

The Manager and the Sponsor shall ensure that the internal audit function implemented is an audit approach for IGB REIT which is guided by the International Professional Practice Framework of the Institute of Internal Auditors Malaysia.

6.9 UNITHOLDINGS OF SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL OF THE MANAGER IN IGB REIT

As IGB REIT was only established on 25 July 2012, the substantial shareholders, directors and key management personnel of the Manager will not hold any Units, direct and/or indirect, in IGB REIT prior to the Acquisitions and Offering. The expected Unitholding of the said parties after the Acquisitions, the Offering and the Distribution-In-Specie by KrisAssets are set out in the table below:

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	Direct		Indirect	
	No. of Units ('000)	%	No. of Units ('000)	%
Substantial Shareholders				
IGB ⁽¹⁾	1,733,668	51.0	-	-
Goldis Berhad ⁽¹⁾⁽²⁾	43,867	1.3	1,735,313 ⁽³⁾	51.0
Robert Tan Chung Meng ⁽¹⁾⁽²⁾	7,291	0.2	1,789,143 ⁽³⁾	52.6
Pauline Tan Suat Ming ⁽¹⁾⁽²⁾	1,082	*	1,789,143 ⁽³⁾	52.6
Tony Tan @ Choon Keat ⁽¹⁾⁽²⁾	1,000	*	1,789,143 ⁽³⁾	52.6
Tan Chin Nam Sdn Bhd ⁽¹⁾⁽²⁾	4,311	0.1	1,786,350 ⁽³⁾	52.5
Tan Kim Yeow Sdn Bhd ⁽¹⁾⁽²⁾	2,896	0.1	1,786,247 ⁽³⁾	52.5
Wah Seong (Malaya) Trading Co Sdn Bhd ⁽¹⁾⁽²⁾	4,302	0.1	1,781,618 ⁽³⁾	52.4
Directors				
Tan Sri Dato' Dr. Lin See Yan	-	-	-	-
Robert Tan Chung Meng ⁽¹⁾⁽²⁾	7,291	0.2	1,789,143 ⁽³⁾	52.6
Halim bin Haji Din	-	-	-	-
Le Ching Tai @ Lee Chen Chong	-	-	-	-
Tan Boon Lee ⁽¹⁾⁽²⁾	1,991	0.1	-	-
Tan Lei Cheng ⁽¹⁾⁽²⁾	2,205	0.1	347 ⁽³⁾	*
Daniel Yong Chen-I ⁽¹⁾⁽²⁾	802	*	-	-
Elizabeth Tan Hui Ning ⁽¹⁾⁽²⁾	750	*	-	-
Tan Yee Seng ⁽¹⁾⁽²⁾	907	*	-	-
Key Management Personnel				
Antony Patrick Barragry ⁽¹⁾⁽²⁾	636	*	-	-
Daniel Yong Chen-I ⁽¹⁾⁽²⁾	802	*	-	-
Elizabeth Tan Hui Ning ⁽¹⁾⁽²⁾	750	*	-	-
Chai Lai Sim ⁽¹⁾⁽²⁾	612	*	-	-
Chow Yeng Keet ⁽²⁾	300	*	-	-
Rennie Lee Chai Tin ⁽¹⁾⁽²⁾	456	*	-	-
Ko Chai Huat ⁽²⁾	400	*	-	-
Gabrielle Tan Hui Chween ⁽²⁾	300	*	-	-
Tina Chan Lai Yin ⁽²⁾	350	*	-	-

Notes:

(1) Including their respective entitlement to the Units pursuant to the Distribution-In-Specie by KrisAssets, which is assumed based on their respective pro forma shareholding in the enlarged share capital of KrisAssets assuming full conversion of the existing RM300.0 million nominal value seven-year redeemable convertible secured bonds issued by KrisAssets on 30 March 2011 and constituted by a trust deed dated 7 January 2011 between KrisAssets as the issuer and Pacific Trustees Berhad as the trustee acting for and on behalf of the holders of such bonds.

- (2) *Assuming full subscription of their respective entitlements to the Reserved Units allocation pursuant to the Retail Offering.*
- (3) *Deemed interest in IGB REIT through Units expected to be held by other corporations pursuant to Section 6A(4) of the Act (assuming full subscription of their respective entitlements to the Reserved Units allocation pursuant to the Retail Offering).*
- * *Negligible*

Save as disclosed in the table above, the substantial shareholders, directors and key management personnel of the Manager will not have any indirect unitholdings in IGB REIT upon Listing.

6.10 SUMMARY OF THE MANAGER'S FINANCIAL POSITION SINCE THE DATE OF INCORPORATION

The Manager was incorporated in Malaysia under the Act on 21 March 2012 as a private limited company and it has not commenced operations. As at the date of this Prospectus, the Manager has an issued and paid up share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

6.11 RETIREMENT, REMOVAL AND REPLACEMENT OF THE MANAGER

6.11.1 Retirement

The Manager may retire upon giving six month's written notice to the Trustee (or such shorter period as may be agreed upon with the Trustee) and then the Trustee shall then appoint in writing any other corporation as the management company in its stead subject to the approval of the SC.

6.11.2 Removal and Replacement

The Trustee may take all reasonable steps to remove the Manager from its appointment under the following circumstances:

- (i) the Manager ceases to exist;
- (ii) the Manager was not validly appointed;
- (iii) the Manager ceases to be eligible to act as a management company pursuant to the CMSA or its appointment to act as the management company of IGB REIT is revoked by the SC;
- (iv) the Manager fails or refuses to act as Manager in accordance with the material provisions or covenants of the Deed or the provisions of the CMSA;
- (v) the Manager has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Manager has not ceased to act under the appointment, or a petition is presented for the winding up of the Manager (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Manager becomes or is declared to be insolvent);

- (vi) the Manager is under investigation for conduct amounting to fraud or of similar serious nature being a contravention of the Act or any securities law and is found guilty by the Courts of Malaysia of such offence as charged;
- (vii) the Manager is required to be removed by the SC or is required to be removed pursuant to the provisions of the REIT Guidelines; or
- (viii) the Manager is required to be removed by the Unitholders by way of a Special Resolution (or otherwise in accordance with the requirements of the REIT Guidelines) passed at a meeting of Unitholders convened for that purpose on the grounds that the Manager is in breach of its obligations under the Deed and the Manager has failed to remedy the breach despite the request from the Trustee.

The Trustee may then appoint a replacement management company which is eligible to act as a management company under the CMSA and which has been approved by the SC. Without prejudice to the Trustee's right to appoint a replacement management company, the Manager shall have the right to nominate a new management company (which is eligible to be appointed to act as management company under the CMSA) which shall not be a related corporation or an associated person of the Manager, within 14 days of its removal for consideration by the Trustee.

6.12 RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

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

The directors of the Manager are under a fiduciary duty towards IGB REIT to act in the best interest of IGB REIT. In addition, the Executive and Non-Executive Directors (including the Chief Executive Officer) and the executive officers of the Manager are expected to act with honesty and integrity at all times.

Under the Deed, the Related Parties of the Manager (as defined in the Deed) may hold Units. Unless otherwise permitted by the SC, Related Parties of the Manager shall not have voting rights in respect of the Units held and shall not be counted in a quorum at any Unitholders' meeting, if they have interest in the outcome of the transaction tabled for approval at the meeting which is different from the interest of other Unitholders.

Please refer to Section 11 "Corporate Governance, Related Party Transactions and Conflicts of Interest" of this Prospectus for further details on conflicts of interest and related party transactions.

6.13 CORPORATE GOVERNANCE

Please refer to Section 11 "Corporate Governance, Related Party Transactions and Conflicts of Interest" of this Prospectus.

6.14 MATERIAL LITIGATION AND ARBITRATION

As at the Latest Practicable Date, the Manager is not engaged in any material litigation and arbitration, either as plaintiff or defendant which has a material effect on its financial position and its directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

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7. BACKGROUND INFORMATION ON THE SPONSOR

7.1 CORPORATE INFORMATION

The sponsor of IGB REIT is IGB Corporation Berhad, which has an established track record as a property developer in Malaysia, with over 40 years of property development experience. Listed on Bursa Securities, the Sponsor has a market capitalisation of approximately RM3.6 billion, as of 31 December 2011. In its latest financial year ended 31 December 2011, the Sponsor group generated revenue of approximately RM772 million, with a total asset base of approximately RM5.3 billion¹. The Sponsor was founded on 12 November 1964 under the name Ipoh Garden Limited. On 15 April 1966, it changed its name to Ipoh Garden Sdn Bhd and was converted into a public limited company on 16 May 1975 under the name of Ipoh Garden Berhad. IGB was listed on the Main Market on 10 September 1981 and assumed its present name on 11 February 1984.

As at the Latest Practicable Date, IGB has an authorised share capital of RM1,200,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each and 200,000,000 1% irredeemable convertible preference shares of RM1.00 each, of which 1,490,296,007 ordinary shares including treasury shares of RM0.50 each have been issued and fully paid-up. The principal activities of the IGB group are investment holding, property development, property investment and management, hotel operations and construction and owner and operator of the Subject Properties.

IGB is the holding company of the Manager and KrisAssets with an interest of 100.0% in the Manager and 75.13% in KrisAssets as at the Latest Practicable Date.

7.2 RELEVANT EXPERIENCE

The Sponsor is one of Malaysia's largest owners and managers of investment properties by market capitalisation and asset value as at the Latest Practicable Date, with diversified interests worldwide. 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.

IGB developed Mid Valley City, one of the largest² mixed-use developments in Malaysia, and has successfully achieved substantial growth in real estate value. The entire development includes the Subject Properties, as well as a host of hotels, offices and residential components. In addition to properties in Mid Valley City, the Sponsor also owns hotels and office buildings in Malaysia, Vietnam and the United Kingdom. Also, the Sponsor's property development arm, Tan & Tan Development Berhad, has a track record

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- ¹ IGB group's total asset base of approximately RM5.3 billion as at 31 December 2011 (which is accounted for using the historical cost method) includes the historical cost (net of accumulated depreciation and impairment) of the Subject Properties of RM1.03 billion as at the same date.
 - ² According to the Independent Property Market Consultant, Mid Valley City's total built-up area excluding car parks is estimated at 12 million sq ft. This puts it amongst one of the largest mixed developments in Malaysia. Comparable developments would be in the likes of (i) KL Sentral – 72 acres of land area, built-up area of approximately 21 million sq ft, (ii) KLCC – 100 acres of land area, built-up area of approximately 21 million sq ft, (iii) KL Eco City – 25 acres of land area, built-up area of approximately 8 million sq ft. For further details on Mid Valley City, please refer to Appendix B "Independent Property Market Report" of this Prospectus.

of more than 30 years in the Klang Valley.

Both of the Subject Properties are located in Mid Valley City. The Sponsor has also developed additional properties in various asset classes at Mid Valley City, including:

- *The Gardens*, two 32-storey office towers (North and South), completed in 2008 with total gross lettable area of 425,000 sq ft;
- *Centrepont*, two 19-storey office towers (North and South) completed in 2007 that house medium to large sized corporations, multinational corporations, corporate offices and professional firms;
- *Menara IGB*, an office tower completed soon after Mid Valley Megamall that sits on a prominent position to the south entrance of the mall;
- *The Gardens Hotel & Residences*, a 5-star development located adjacent to The Gardens Mall with a total of 647 rooms (448 guest rooms and 199 serviced residences);
- *Cititel Mid Valley*, a hotel with 646 guest rooms situated atop Mid Valley Megamall completed in 1999; and
- *Boulevard Hotel*, a hotel with 390 guest rooms located situated atop Mid Valley Megamall completed in 2005.

In addition, the Sponsor owns various properties located outside of Mid Valley City, including:

- *Renaissance Hotel*, a 5-star hotel with 910 guest rooms located in Kuala Lumpur. It is the largest hotel complex of its kind in Malaysia with two wings;
- *MiCasa All Suite Hotel*, a hotel with 242 guest rooms located within a major embassy precinct in Kuala Lumpur near Suria KLCC and KLCC Convention Centre;
- *Cititel Express*, a hotel with 224 guest rooms located on the fringe of the Kuala Lumpur City Centre;
- *Cititel Express, Kota Kinabalu, Malaysia*, a hotel with 275 guest rooms located in the Kota Kinabalu City Centre; and
- *Pangkor Island Beach Resort, Pangkor, Malaysia*, a hotel with 258 guest rooms located on Pangkor Island.

In addition to the above, the Sponsor also has interests in hotels in the Philippines (Manila), Myanmar (Yangon), the United Kingdom (London) and the United States of America (New York).

The Sponsor has commenced work on a new project called Mid Valley City Southpoint, a mixed office and retail development which is expected to be completed around 2015.

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 at all or that IGB REIT will acquire any of the completed properties owned by the Sponsor or its subsidiaries.

The Sponsor has granted a ROFR to IGB REIT to acquire the Sponsor's future retail properties and mixed-use developments with a retail component. 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 of IGB REIT is a subsidiary of the Sponsor;
- (iii) the Manager remains as the management company of IGB REIT; and
- (iv) IGB 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. In addition to the awards won by Mid Valley Megamall, IGB has also won the Top Ten Property Developer Award organised by The Edge from 2002 to 2011.

On 28 March 2012, the Sponsor entered into a memorandum of understanding with Selia Pantai Sdn Bhd, to establish a 70:30 joint venture to acquire three parcels of leasehold land measuring approximately 36 acres within Southkey development to be developed into a retail mall and/or mixed development.

7.3 UNITHOLDINGS OF THE SPONSOR IN IGB REIT

Please refer to Section 6.9 "Unitholdings of Substantial Shareholders, Directors and Key Management Personnel of the Manager in IGB REIT" of this Prospectus for information on the Unitholdings of the Sponsor in IGB 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 Offeror, the Joint Principal Advisers, the Joint Global Coordinators and any other person has independently verified this information and, therefore, none of the Manager, the Offeror, the Joint Principal Advisers and the Joint Global Coordinators make any representation as to the correctness, accuracy or completeness of such information. Accordingly, prospective investors should not place undue reliance on such information.

8.1 CORPORATE INFORMATION

AmTrustee 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 and is also registered with the SC for trusteeship service in respect of unit trust funds. As at the Latest Practicable Date, the authorised share capital of the Trustee is RM1,000,000 comprising 100,000 ordinary shares of RM10.00 each, paid-up to RM5.00 each in accordance with Section 3(c) of the Trust Companies Act, 1949.

The principal activity of the Trustee is the provision of corporate trusteeship services. The Trustee has been in the trustee business for more than 25 years. As at the Latest Practicable Date, the Trustee's staff strength comprise of 27 executive staff and four non-executive staff.

The Trustee undertakes all types of trustee business allowed under the Trust Companies Act, 1949, specialising 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 of the Latest Practicable Date, the Trustee is trustee for 22 unit trust funds and four listed REITs.

8.2 BOARD OF DIRECTORS OF THE TRUSTEE

The following table sets out information regarding the Board of Directors and Chief Executive Officer of the Trustee:

Name	Directorship
Pushpa Rajadurai	Chairman (Non-Independent Director)
Shaharuddin bin Hassan	Non-Independent Director
Tuan Hj Mohamad Sabirin bin Hj A. Rahman	Non-Independent Director
Dato' Ng Mann Cheong	Independent Director
Datuk Haji Mohd Idris bin Mohd Isa	Independent Director

Chief Executive Officer of the Trustee: Mr Tan Kok Cheeng

Mr Tan Kok Cheeng has been appointed as the Chief Executive Officer of AmTrustee Berhad with effect from 1 October 2010. Prior to joining AmTrustee Berhad, he served as the Chief Internal Auditor, Internal Audit Department, AmBank Group then elevated as Internal Audit Advisor, AmBank Group. He has been with AmBank for more than 25 years.

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, to safeguard the interests of the Unitholders and actively monitor the administration of IGB REIT by the Manager to ensure that the interests of Unitholders are upheld at all times;
- (b) to act continuously as Trustee under the trust created by the Deed until IGB REIT is terminated as provided in the Deed or until the Trustee has retired from IGB REIT in the manner provided in the Deed;
- (c) to ensure that IGB REIT has, at all times, an appointed Manager;
- (d) to ensure that the Manager does not make improper use of its position in managing IGB REIT to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interest of the Unitholders of IGB REIT;
- (e) to exercise all due care, skill, diligence and vigilance 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, to ensure that IGB REIT is managed and administered by the Manager in accordance with IGB REIT's objectives, the Deed and the Relevant Laws and Requirements and acceptable and efficacious business practices within the real estate investment trust 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, unless the Trustee is satisfied that the breach will not materially prejudice the Unitholders' interests;
- (g) to immediately notify the SC of any irregularity, breach of the Deed, the Relevant Laws and Requirements or any other matter properly regarded by the Trustee as not being in the interests of Unitholders; and

- (h) to take all reasonable steps and exercise due diligence to ensure that the Deposited Property are correctly valued and valued by the qualified valuer in accordance with the provisions of the Deed and the Relevant Laws and Requirements.

8.4 FINANCIAL INFORMATION OF THE TRUSTEE

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

	Year Ended 31 March (Audited)			
	2012	2011	2010	2009
	(RM)	(RM)	(RM)	(RM)
Paid-up share capital	500,000	500,000	500,000	500,000
Shareholders' funds	5,438,455	8,144,017	6,580,115	5,732,058
Revenue	6,944,418	5,936,225	4,866,141	4,342,967
Profit before tax	2,110,210	1,786,353	1,165,721	444,644
Profit after tax	1,644,438	1,563,902	848,057	327,025

8.5 TRUSTEE'S FEE

In accordance with the Deed, IGB REIT will pay the Trustee an annual trustee's fee of up to 0.03% per annum of the NAV of IGB 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 months' written notice to the Manager (or such shorter period as may be agreed upon with the Manager) whereupon the Manager shall within one 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 may take all reasonable steps to remove the Trustee from its appointment under the following circumstances:

- (a) the Trustee ceases to exist;
- (b) the Trustee was not validly appointed;
- (c) the Trustee ceases to be eligible to act as trustee pursuant to the CMSA or its appointment as trustee for IGB REIT is revoked by the SC;
- (d) 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;
- (e) 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
- (f) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustees Act 1949, the Act or any securities law and an adverse finding is found.

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 (a) to (f) above.

8.7 TRUSTEE'S RESPONSIBILITY STATEMENT

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

8.8 MATERIAL LITIGATION AND ARBITRATION

Save as disclosed below, 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.

AmTrustee Berhad ("**AmTrustee**") was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("**Meridian**") for alleged loss and damages amounting to RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("**Meridian Suit**").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Malaysian Assurance Alliance Berhad ("**MAA**") for alleged loss and damages amounting to RM19,640,178 together with interest and costs ("**MAA Suit**"). MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of the insurance funds were deposited by Meridian with AmTrustee. The claim by MAA in the MAA Suit is part of the portion of the claim as mentioned in the above Meridian Suit.

In the MAA Suit, AmTrustee filed a Third Party Notice against Meridian on 6 November 2006 seeking indemnification or contribution from Meridian. Meridian in turn filed a counter claim against AmTrustee over AmTrustee's Third Party Notice which in essence introduced the same argument and claim as in their Meridian Suit.

Parties have filed several interim applications in the Meridian Suit amongst which was an application by Meridian to add another subsidiary of the Banking Group, namely AmInvestment Bank Berhad as 2nd Defendant in the Meridian Suit and also to increase the alleged loss and damages from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian. The High Court dismissed Meridian's application to add AmInvestment Bank Berhad as a party to the Meridian Suit ("**Decision**") but allowed Meridian's application to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84.

As Meridian did not file any appeal against the Decision, no litigation is pending today against AmInvestment Bank Berhad by Meridian.

On 16 September 2008, both the Meridian Suit and MAA Suit were ordered to be heard together in the same trial pursuant to Order 4 Rule 1 of the Rules of the High Court 1980.

Meanwhile, AmTrustee filed an application for a stay of proceedings of both the MAA Suit and Meridian Suit (the "**Stay Application**") pending the full and final disposal of a criminal proceeding involving an ex-employee of Meridian at the Sessions Court. The Stay Application was dismissed by the High Court on 1 December 2010. AmTrustee's appeal to the Court of Appeal against the dismissal of the Stay Application was allowed with costs on 24 May 2011 and with the granting of the stay order by the Court of Appeal, both the Meridian Suit and the MAA Suit are now stayed pending the disposal of the criminal proceeding ("**Stay Order**").

AmTrustee's solicitors informed that on 12 December 2011, the Sessions Court found the Meridian's ex-employee guilty and sentenced him to a total of six and a half years imprisonment. The Meridian's ex-employee has since filed an appeal against the Sessions Court's custodial sentence. The criminal appeal of the Meridian's ex-employee has been fixed for case management on 5 July 2012 and no hearing date for the appeal has been fixed as of to date ("**Criminal Proceeding**").

When the Meridian Suit and the MAA Suit came up for case management in the High Court on 12 January 2012, AmTrustee's solicitors had sought clarification from the High Court Registrar on the Stay Order granted for both civil suits before taking any further steps in the civil proceedings given that if the Stay Order continues to apply until all appeals in the Criminal Proceeding have been disposed of, to proceed with the civil suits would tantamount to a contempt of court.

The High Court Registrar directed parties to seek direction from the High Court managing Judge and adjourned the case management to 8 March 2012. The High Court managing Judge on 8 March 2012 directed AmTrustee's solicitors to seek clarification on the Stay Order from the Court of Appeal instead. AmTrustee's solicitors subsequently filed a formal application to the Court Of Appeal for clarification which was heard on 18 June 2012. At the said hearing, the Court of Appeal did not clarify the Stay Order and instead directed parties to seek an audience with the High Court Judge presiding over the civil suits for the parties to submit their respective views on the Stay Order. The Court of Appeal further ordered the said presiding High Court Judge to decide on the interpretation of the Stay Order and to proceed accordingly.

Meanwhile, at the case management of the civil suits on 25 June 2012, parties updated the High Court Registrar on the outcome of the Court of Appeal's directions on the Stay Order. The High Court Registrar informed parties that both the Meridian Suit and the MAA Suit will be presided by YA Hamid Sultan Abu Backer and the civil suits are now fixed for case management before the High Court Judge on 3 August 2012.

AmTrustee's solicitors are of the view that AmTrustee has a good defence in both the Meridian Suit and the MAA Suit based on documentary evidence and witness statements in their possession.

Neither material financial loss nor operational impact on the Group is expected as a result of the Writs and Statements of Claim.

8.9 DELEGATION OF THE TRUSTEE'S FUNCTION

As at the Latest Practicable Date, none of the Trustee's function in relation to IGB 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 Offeror, the Joint Principal Advisers, the Joint Global Coordinators and any other person has independently verified this information and, therefore, none of the Manager, the Offeror, the Joint Principal Advisers and the Joint Global Coordinators make any representation as to the correctness, accuracy or completeness of such information. Accordingly, prospective investors should not place undue reliance on such information.

9.1 CORPORATE INFORMATION

The Chartwell group of companies comprises four firms practising valuation, estate agency, property management, international property consultancy, project marketing and retail/shopping centre consultancy.

The Property Manager, Chartwell ITAC International Sdn Bhd, is a firm of Chartered Surveyors, Registered Valuers, Estate Agents, Property Managers and International Property Consultants. Chartwell has been providing professional valuation and estate agency services since 1973. Chartwell ITAC International Sdn Bhd is registered with the Board of Valuers, Appraisers and Estate Agents Malaysia.

The property management division of the 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.

The Property Manager has seven years of experience in property management and is currently managing a total of 18 property sites and with a current total of 72 employees.

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 26 July 2012 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) retail consultancy services, including carrying out regular reviews, analysis and surveys relating to property management practices adopted by other existing and new shopping centres, trends in consumer buying behaviour, changes in demographic and psychographic characteristics of target consumers, expenditure patterns and trends in the industry, trends in tenant mix and tenant requirements and expectations, and design, layout and building trends for retail centres;
- (ii) property management services, including operation and maintenance of the property, recommending third party contracts for provision of property maintenance and building security services, supervising the performance of

- contractors, advising on centre improvement and upgrading, and ensuring compliance with building and safety regulations;
- (iii) financial management services by assisting the Manager and/or the Trustee in respect of the financial, cost and budgetary coordination, administration and measurement including preparation of budgets for management operation, procedures for monitoring budgetary performance and compliance, and annual reports and analysis of operation performance;
 - (iv) 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;
 - (v) property promotion services, including advising the Manager on marketing and public relations, planning, preparation of and contracting for advertising and promotional programs for the property to increase visitor numbers and further strengthen the image and popularity of the property;
 - (vi) 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
 - (vii) 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 Manager has approximately 30,554 sq ft NLA of retail space and 807,602 sq ft of office space respectively under its management as at 23 April 2012. The Property Manager portfolio also includes a total of 5,440 units of individual designed gated bungalows, gated semi-detached houses, high end condominiums, retail shop-houses/offices, shop-apartments, apartments and condominiums.

9.4 INFORMATION ON KEY PERSONNEL AND STAFF STRENGTH

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 a Chartered Valuation Surveyor, a Registered Valuer 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 30 years of experience in the real estate industry, including both private and public sector experience. He has also been appointed as Court Assessor in the High Court of Malaya and has sat on various committees including the National Property Information Centre and the Association of Valuers and Property Consultants in Private Practice Malaysia. He is a graduate of the University of South Bank United Kingdom, in Estate Management.

Raja Abd Aziz Bin Raja Azlan is a Registered Valuer and Estate Agent and a member of the Royal Institution of Surveyors Malaysia. He has over 25 years of experience in real estate matters and was with the Valuation and Property Services Department of the Ministry of Finance, Malaysia for more than 10 years. He has also lectured at UiTM, Shah Alam and the National Institute of Property Training. He is a graduate of the University of Technology MARA, with an Advance Diploma in Estate Management.

Lim Chi Meng has been with Chartwell Asset Management Sdn Bhd since 2006 and has been a General Manager since 2008, responsible for overseeing all aspects of property management including the maximisation of financial performance, sites satisfaction and staff development within established quality standards. His experience includes managing and maintaining D'Tropicana Condominium, Jalan Klang Lama, Kuala Lumpur. He is a graduate of the University of Technology, Curtin, Australia with a Bachelor of Commerce (Accounting and Information Systems).

9.5 PROPERTY MANAGEMENT FEE

The Property Manager is entitled to receive RM20,000 per month for 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).

9.6 SALIENT TERMS OF THE PROPERTY MANAGEMENT AGREEMENT

- (i) Subject to the right of termination under the Property Manager 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 two 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 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 REIT;
 - (c) upon exercise by any parties therein of the right of mutual termination by giving 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 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 thirty business days after its receipt from the Manager and/or the Trustee a notice specifying such breach and requesting that the same be remedied;
 - (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 or 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 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 Service Provider Agreements with MVC and MVCG on 26 July 2012, wherein MVC and MVCG 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 Mid Valley Megamall and The Gardens Mall, respectively, in accordance with the terms and conditions of the Service Provider Agreements.

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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 REIT. The Deed is available for inspection at the registered office of the Manager.

10.1 THE DEED

IGB REIT is a REIT constituted by the Deed, as entered into between the Trustee and the Manager on 18 July 2012. The Deed came into effect on 25 July 2012 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" for further details of the Management Fee payable to the Manager; and Section 8.5 "Trustee's Fee" 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 REIT. There is only one class of Units in IGB REIT, and all issued Units rank *pari passu* 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 REIT as a whole as is conferred on a Unit under the provisions 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 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 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 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 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;
 - (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 a 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 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 any method of offering of Units for the Listing includes an offering of Units to the general public. Where the method of offering includes an offer for sale of existing Units, the Manager is to ensure that all expenses of such offer for sale is borne by the offerors and not IGB REIT. Where the method of offering is an issue of new Units, the Manager is to ensure that all expenses of such issuance are borne by IGB 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 REIT and 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 circumstance which in the opinion of the Trustee and the Manager provides 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.

The Trustee shall, in consultation with the Manager and where it deems appropriate and subject to the REIT Guidelines, 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 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 REIT at a price determined by the Manager and approved by the Trustee if the following conditions are met so long as IGB REIT is listed:

- (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).

10.8 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 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
- (v) the investment objective and distribution policy of IGB REIT;

subject to meeting the requirement to distribute at least 90.0% of IGB 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 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.

10.9 INVESTMENT POLICIES OF IGB REIT

10.9.1 Authorised Investments

- (i) Subject to observance of the investment limits as may be established or prescribed by the SC from time to time for a listed REIT and the REIT Guidelines, IGB 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 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 REIT if in compliance with the Relevant Laws and Requirements.

10.9.2 Investment Limits

In exercising its powers to make investment on behalf of IGB 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 50.0% of the Total Asset Value of IGB REIT must be invested in Real Estate Assets at all times; and
- (ii) not more than 25.0% of the Total Asset Value of IGB REIT is invested in Non-Real Estate-Related Assets, cash, deposits and money market instruments; or
- (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 REIT, the actual investment ratio of IGB 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).

10.9.3 Restriction on Investment/Activities

IGB REIT shall not at any time be involved in the following activities:

- (i) the extension of financing or other credit facilities by IGB REIT;
- (ii) property development, except in the circumstances permitted by the REIT Guidelines;
- (iii) acquisition of vacant land; and
- (iv) 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 guideline.

10.9.4 Investment Policy

- (i) The principal investment policy of IGB REIT is to invest, directly and indirectly, in a diversified portfolio of income producing Real Estate used primarily for retail purposes in Malaysia and overseas, as well as Real Estate-Related Assets.
- (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 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 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 REIT must be approved by the Unitholders by way of a resolution of not less than two-thirds of all Unitholders at a Unitholders' meeting duly convened and held in accordance with the Deed.

10.10 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.

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 REIT's property at all times; and
- (ii) there are adequate arrangements to prevent the delegate from releasing the custody or control of IGB 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.

Please refer to Section 8.3 "Functions, Duties and Responsibilities of the Trustee" of this Prospectus for other salient terms of the duties, responsibilities and covenants of the Trustee as provided in the Deed.

10.11 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.

10.12 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.

10.13 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 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.

10.14 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 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 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 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 REIT and the investment of the Deposited Property.

10.15 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.

10.16 RETIREMENT, REMOVAL OR REPLACEMENT OF THE MANAGER

Please refer to Section 6.11 "Retirement, Removal or Replacement of the Manager" of this Prospectus for details of the retirement, removal and replacement of the Manager.

10.17 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.

10.18 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.

10.19 PERMITTED CHARGES OF IGB 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 REIT or the capital of IGB 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 REIT.

10.20 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 REIT must be approved by resolution passed by not less than two-thirds of the Unitholders voting thereat upon a show of hands and if a poll is demanded, then by a majority consisting of not less than two-thirds of the votes given on such 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.

10.21 TERMINATION AND WINDING-UP OF IGB REIT

The Trustee shall terminate IGB 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 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 REIT be terminated; or
- (iii) if at any time during the life of IGB 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 REIT; or
- (iv) if the Listing does not take place within three 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 REIT; or

- (v) if at any time after the Listing Date, the Units are unconditionally suspended from Listing 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 REIT in accordance with Clause 28 of 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 CMAA or if IGB REIT is delisted by Bursa Securities; or
- (vii) if an approved transfer scheme (referred to in the Deed) has been effected and resulted in IGB REIT being left with no assets or properties.

If the termination events in paragraphs (i) and (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 REIT (including but not limited to procedures for a voluntary winding-up of IGB REIT), which orders must be carried out by the Trustee.

Upon termination of IGB 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 REIT and other outgoings including costs of final distribution of capital and income and all proper provisions for liabilities of IGB REIT, among the Unitholders in proportion to the number of Units which they hold respectively at the date of the decision to terminate IGB 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 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 26.3 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 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 REIT as in its opinion may be required to meet any outgoings of IGB 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 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 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 REIT which has not been recouped;
 - (2) by the Trustee and the Manager in connection with the winding up of IGB 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 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 REIT; and
- (b) following the termination of IGB 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 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.

10.22 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 application requisition has been delivered to the Manager at its registered office, being application requisition by not fewer than 50, or 1/10 in number, whichever is lesser, of all Unitholders, convene a meeting of Unitholders.

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.

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

11.1 CORPORATE GOVERNANCE

The Manager intends to adopt 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, the Listing Requirements, the Malaysian Code on Corporate Governance 2012 issued by the SC and the Corporate Governance Guide issued by Bursa Malaysia Berhad, in the performance of its obligations and duties as described in the Deed.

11.2 EXISTING AND ON-GOING RELATED PARTY TRANSACTIONS

11.2.1 Acquisition of Subject Properties

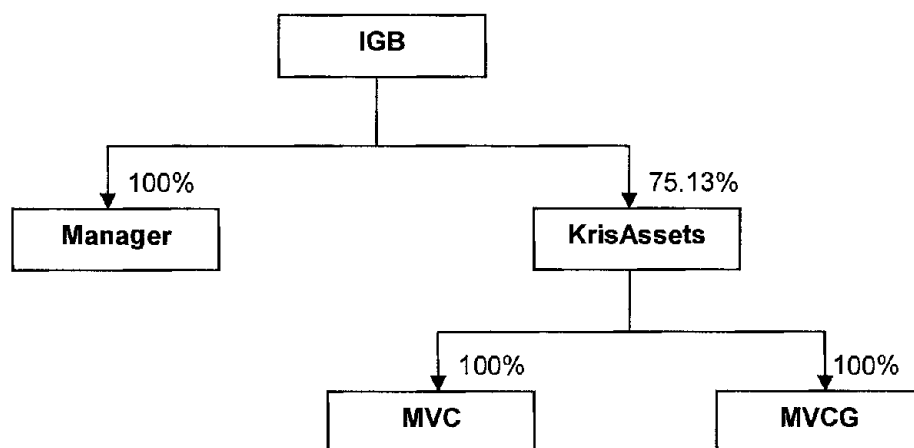
A related party transaction pursuant to the REIT Guidelines is any transaction between the REIT and its related parties, and a “related party” includes:

- (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.

The acquisition of Mid Valley Megamall from MVC and The Gardens Mall from MVCG by IGB REIT is deemed a related party transaction under the REIT Guidelines in view of the following:

- (a) IGB is the sponsor of IGB REIT;
- (b) MVC and MVCG are wholly-owned subsidiaries of KrisAssets, which is 75.13% owned by the Sponsor;
- (c) the Manager is a wholly-owned subsidiary of the Sponsor; and
- (d) the Sponsor will be a major unitholder of IGB REIT upon completion of the Distribution-in-Specie by KrisAssets, which is expected to take place within one month from the Listing Date.

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



The purchase consideration for the acquisition of the Subject Properties was not more than 110.0% of the value assessed by the Independent Property Valuer. The acquisition of the Subject Properties is consistent with the investment objective and strategy of IGB REIT. Please refer to Section 2.1 “Acquisitions by IGB REIT” and Section 14.3 “Salient Terms of the SPAs” of this Prospectus.

11.2.2 Licence granted by the Vendors to IGB REIT to use certain trademarks

Pursuant to two Trademark Licensing Agreements, both dated 26 July 2012, the Vendors have granted the Trustee and the Manager an exclusive licence to use the registered trademark “Mid Valley Megamall” and a non-exclusive licence to use, among others, the registered trademarks “Mid Valley” and “The Gardens”. Please refer to Section 1.9 “Intellectual Property” of this Prospectus. The arrangement is deemed a related party transaction in view that the Vendors are persons connected to the Manager and the Sponsor by virtue of their relationship described in Section 11.2.1 above.

11.2.3 Storage of liquefied petroleum gas tank

MVC is licensed by the Energy Commission to supply liquefied petroleum gas to the tenants of the Subject Properties. The liquefied petroleum gas tank (“LPG Tank”) which forms part of the Related Assets to be acquired by IGB REIT is situated at part of PN37072, Lot 77 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Upon completion of the SPAs, MVC will enter into a licence agreement to grant a licence to IGB REIT to use and occupy all that part of the said land for the purpose of storage, maintenance and operation of the LPG Tank. The arrangement is deemed a related party transaction in view that MVC is a person connected to the Sponsor and the Manager.

11.2.4 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 and the Sponsor and/or persons connected with the 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 REIT.

No.	Nature of transactions relating to the Subject Properties that will be assumed by IGB REIT	Transacting/Related Parties	Relationship
1.	Lease of car park space (season passes)	<ul style="list-style-type: none"> • The Sponsor • Ensignia Construction Sdn Bhd ("ECSB") • Mid Valley City Enterprise Sdn Bhd ("MVCEsb") • MVC Centrepoint North Sdn Bhd ("MCNSB") • Mid Valley City Hotels Sdn Bhd ("MVCHSB") • Tanah Permata Sdn Bhd ("TPSB") • MVC • MVCG 	<ul style="list-style-type: none"> • The Sponsor will be a major unitholder of IGB REIT • ECSB, MVCEsb, MCNSB, MVCHSB and TPSB are all wholly-owned subsidiaries of the Sponsor • MVC and MVCG are wholly-owned subsidiaries of KrisAssets, which is 75.13% owned by the Sponsor
2.	Provision of chilled water: <ul style="list-style-type: none"> • Menara IGB • Centrepoint North Tower • Centrepoint South Tower • Boulevard Hotel • Cititel Mid Valley • Gardens Hotel & Residences • Gardens South Tower • Gardens North Tower 	<ul style="list-style-type: none"> • IGB Properties Sdn Bhd • MCNSB • MVC Centrepoint South Sdn Bhd ("MCSSB") • MVCEsb • TPSB • MVCHSB • Mid Valley City South Tower Sdn Bhd ("MVCST") • Mid Valley City North Tower Sdn Bhd ("MVCNT") 	<ul style="list-style-type: none"> • IGB Properties Sdn Bhd, MCNSB, MCSSB, MVCEsb, TPSB, MVCHSB, MVCST and MVCNT are all wholly-owned subsidiaries of the Sponsor

No	Nature of transactions relating to the Subject Properties that will be assumed by IGB REIT	Transacting/Related Parties	Relationship
3.	Provision of liquefied petroleum gas: <ul style="list-style-type: none"> • Boulevard Hotel • Gardens Hotel & Residences • Cititel Mid Valley 	<ul style="list-style-type: none"> • MVCESB • MVCHSB • TPSB 	<ul style="list-style-type: none"> • MVCESB, MVCHSB and TPSB are all wholly-owned subsidiaries of the Sponsor
4.	Lease of the exhibition hall at Mid Valley Megamall and provision of maintenance services	<ul style="list-style-type: none"> • MVEC Exhibition and Event Services Sdn Bhd 	<ul style="list-style-type: none"> • MVEC Exhibition and Event Services Sdn Bhd is a wholly-owned subsidiary of the Sponsor
5.	Lease of space at the Subject Properties for installation of telecommunication equipment	<ul style="list-style-type: none"> • MVC CyberManager Sdn Bhd 	<ul style="list-style-type: none"> • MVC CyberManager Sdn Bhd is a wholly-owned subsidiary of the Sponsor
6.	Lease of car park space (season passes) and light boxes	<ul style="list-style-type: none"> • Strass Media Sdn Bhd 	<ul style="list-style-type: none"> • Strass Media Sdn Bhd is a subsidiary of Wah Seong (Malaya) Trading Co Sdn Bhd ("WSTB"), a major shareholder of the Sponsor.
7.	Receipt of construction and maintenance works	<ul style="list-style-type: none"> • ECSB 	<ul style="list-style-type: none"> • ECSB is a wholly-owned subsidiary of the Sponsor
8.	Receipt of lift and escalator repair and maintenance services	<ul style="list-style-type: none"> • Technoltic Engineering Sdn Bhd 	<ul style="list-style-type: none"> • Technoltic Engineering Sdn Bhd is a 40%-owned associate of the Sponsor
9.	Receipt of legal advisory and consultancy services	<ul style="list-style-type: none"> • Jeyaratnam & Chong 	<ul style="list-style-type: none"> • Chong Kim Weng, a senior partner of Jeyaratnam & Chong is the spouse of Tan Lei Cheng, a director of the Sponsor and the Manager
10.	Receipt of electricity supply	<ul style="list-style-type: none"> • Mid Valley City Energy Sdn Bhd 	<ul style="list-style-type: none"> • Mid Valley City Energy Sdn Bhd is a wholly-owned subsidiary of the Sponsor
11.	Purchase of building materials, audio equipment, electrical equipment, appliances and related products and services	<ul style="list-style-type: none"> • WSTB 	<ul style="list-style-type: none"> • WSTB is a major shareholder of the Sponsor

11.3 POTENTIAL RELATED PARTY TRANSACTIONS

11.3.1 Acquisition pursuant to exercise of ROFR

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 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 retail 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 vehicles which may compete directly with IGB REIT.

Certain directors of the Manager sit on the board of the Sponsor. As a result, the strategies and activities of IGB 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 REIT, the Manager and the Sponsor in the future.

In addition, pursuant to (a) the Registry Services Agreement dated 26 July 2012 between the Sponsor and the Manager, the Manager has appointed IGB (Share Registration Department) to provide registry services to the Manager and to perform and exercise the duties of the Manager in respect of the maintenance of the Register of Unitholders and (b) the Internal Audit Services Agreement dated 26 July 2012 between the Sponsor and the Manager, the Manager has appointed IGB (Group Internal Audit Division) 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. Further, pursuant to the Service Provider Agreements entered into between MVC and MVCG respectively, being the subsidiaries of the Sponsor, and the Property Manager, MVC and MVCG 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 Mid Valley Megamall and The Gardens Mall, respectively. The appointment of MVC and MVCG as service providers (including the terms of its remuneration) is subject to the approval of the Manager. In order to mitigate any potential conflicts of interest, such appointments have been approved and the renewal of such appointments will be approved by the independent directors of the Manager.

11.4.2 The Trustee

The Trustee is part of AmBank group of companies ("**AmBank Group**"), a diversified financial group engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management, insurance and credit transaction service businesses. Potential conflict of interest may arise if any member of AmBank Group engages in transactions with and perform services for IGB REIT, the

Manager and/or its affiliates in the future. Such transactions may also be deemed as related party transactions under the REIT Guidelines.

11.4.3 Manager's policy on related party transactions and dealing with conflict of interest situations

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

The REIT Guidelines provide, among others, that the trustee's consent is required for all related party transactions which involves real estate, and where the transaction value is equal or greater than 5% of the Total Asset Value of IGB REIT (after acquisition), the prior approval of Unitholders by way of an ordinary resolution is required. 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.

In respect of tenancies entered into with related parties, the REIT Guidelines require the Trustee to ensure that the terms and conditions of the tenancy agreements are reasonable under the prevailing market conditions. In determining the rental rates for related tenants, the Trustee should be guided by the recommendation of at least one independent valuer appointed by the Trustee.

The Listing Requirements oblige the Manager to make prompt announcements and disclosures in IGB 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) 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;
- (ii) the Board shall maintain a minimum ratio of at least one-third independent directors at all times;
- (iii) the directors of the Manager owe fiduciary duties to the Manager and IGB REIT, including the duty to act in good faith and in the best interest of IGB REIT; and
- (iv) any transactions in which a conflict of interest will arise should be executed on terms which are the best available for IGB REIT and which are no less favourable to IGB REIT than arm's-length transactions between independent parties and be adequately disclosed in the Prospectus and fund reports of IGB REIT.

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

11.5 INTERESTS OF DIRECTORS AND OTHER 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 interests 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 retail purposes in Malaysia and overseas. Real Estate used primarily for retail purposes will include retail properties and mixed-use developments with a retail component.

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 will establish procedures that will ensure that such transactions are undertaken in full compliance to 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.

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 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 CIMB

CIMB is not aware of any circumstances that exist or are likely to give rise to a possible conflict of interest situation in relation to its capacity as a Joint Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter in relation to the Offering.

CIMB also acted as the (i) Joint Principal Adviser to the Sponsor for the Listing and (ii) Joint Principal Adviser to KrisAssets for, among others, the disposal of the Subject Properties and the Related Assets by the Vendors to IGB REIT, the Offering and the Distribution-In-Specie by KrisAssets.

CIMB, its subsidiaries and associated companies, as well as its holding company CIMB

Group Holdings Berhad and the subsidiaries and associated companies of its holding company (the “**CIMB Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for the Sponsor, IGB REIT, the Manager and/or its affiliates, in addition to the roles set out above. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of the Sponsor, IGB 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 other customers in debt or equity securities or senior loans of the Sponsor, IGB REIT, the Manager and/or its affiliates. This is a result of the businesses of the CIMB Group generally acting independently of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of IGB REIT.

11.7.2 HLIB

HLIB acted as the (i) Joint Principal Adviser to the Sponsor for the Listing and (ii) Joint Principal Adviser to KrisAssets for, among others, the disposal of the Subject Properties and the Related Assets by the Vendors to IGB REIT, the Offering and the Distribution-In-Specie by KrisAssets.

HLIB confirms that, save as disclosed below, there is no conflict of interest by acting as a Joint Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter in relation to the Offering.

HLIB, its subsidiaries and associated companies, as well as its ultimate holding company and the subsidiaries and associated companies of its ultimate holding company (the “**Hong Leong Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The Hong Leong Group has engaged and may in the future, engage in transactions with and perform services for the Sponsor, IGB REIT, the Manager and/or its affiliates, in addition to the roles undertaken in the Offering. 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 transactions (on its own account or otherwise) with any member of the Sponsor, IGB 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 other customers in debt or equity securities or senior loans of the Sponsor, IGB REIT, the Manager and/or its affiliates. This is a result of the businesses of the Hong Leong Group generally acting independently of each other, and accordingly there may be situations where parts of the Hong Leong Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of IGB REIT.

Hong Leong Group will be, in the ordinary course of their banking business, granting credit facilities to IGB REIT under the Syndicated Financing Facilities.

HLIB is of the view that all the aforementioned extension of credit facilities does not result in conflict of interest situations in respect of its capacities in relation to the Offering as the

total current outstanding credit facilities are not material when compared to the audited total assets of Hong Leong Group as at 30 June 2011. Furthermore, the extension of credit facilities arose in the ordinary course of business of the Hong Leong Group in view of Hong Leong Group's extensive participation in the Malaysian capital market and banking industry.

11.7.3 Credit Suisse

Credit Suisse is of the view that it has no conflict of interest in its capacity as Joint Global Coordinator and Joint Bookrunner in relation to the Offering and the Listing in that Credit Suisse has not made any loans to the Manager, Trustee, or the Sponsor and in its capacity as Joint Global Coordinator and Joint Bookrunner, Credit Suisse will not receive proceeds from the Offering.

Credit Suisse, its subsidiaries and associated companies (the "**Credit Suisse Group**"), form a diversified financial group and are in the ordinary course of business engaged in a wide range of investment banking, securities trading, asset and fund management, commercial banking, insurance and offshore banking services business and activities. The Credit Suisse Group has engaged and may in the future engage in transactions with and perform services for IGB REIT and/or its affiliates, in addition to the roles above.

In addition, in the ordinary course of business, any member of Credit Suisse Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of IGB REIT 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 other customers in debt or equity securities or senior loans of IGB REIT and/or its affiliates. This is a result of the businesses of the members of the Credit Suisse Group generally acting independently of each other, and accordingly there may be situations where member(s) of the Credit Suisse Group and/or its customers now have, or in the future, may have interest in, or take actions that may conflict with the interests of IGB REIT.

11.7.4 Citi

Citi is of the view that it has no conflict of interest in its capacity as Joint Bookrunner in relation to the Offering and the Listing in that Citi has not made any loans to the Manager, Trustee, or the Sponsor and in its capacity as Joint Bookrunner, Citi will not receive proceeds from the Offering.

11.7.5 Credit Suisse Malaysia

Credit Suisse Malaysia is of the view that it has no conflict of interest in its capacity as Joint Bookrunner in relation to the Offering and the Listing in that Credit Suisse Malaysia has not made any loans to the Manager, Trustee, or the Sponsor and in its capacity as Joint Bookrunner, Credit Suisse Malaysia will not receive proceeds from the Offering.

Credit Suisse Malaysia, its subsidiaries and associated companies (the "**Credit Suisse Malaysia Group**"), form a diversified financial group and are in the ordinary course of business engaged in a wide range of investment banking, securities trading, asset and fund management, commercial banking, insurance and offshore banking services business and activities. The Credit Suisse Malaysia Group has engaged and may in the future engage in transactions with and perform services for IGB REIT and/or its affiliates,

in addition to the roles above.

In addition, in the ordinary course of business, any member of Credit Suisse Malaysia Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of IGB REIT 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 other customers in debt or equity securities or senior loans of IGB REIT and/or its affiliates. This is a result of the businesses of the members of the Credit Suisse Malaysia Group generally acting independently of each other, and accordingly there may be situations where member(s) of the Credit Suisse Malaysia Group and/or its customers now have, or in the future, may have interest in, or take actions that may conflict with the interests of IGB REIT.

11.7.6 DBS

DBS is of the view that it has no conflict of interest in its capacity as Joint Bookrunner in relation to the Offering and the Listing in that DBS has not made any loans to the Manager, Trustee, or the Sponsor and in its capacity as Joint Bookrunner, DBS will not receive proceeds from the Offering.

11.7.7 Deutsche Bank

Deutsche Bank is of the view that it has no conflict of interest in its capacity as Joint Bookrunner in relation to the Offering and the Listing in that Deutsche Bank has not made any loans to the Manager, Trustee, or the Sponsor and in its capacity as Joint Bookrunner, Deutsche Bank will not receive proceeds from the Offering.

11.7.8 Goldman Sachs

Goldman Sachs is of the view that it has no conflict of interest in its capacity as Joint Bookrunner in relation to the Offering and the Listing in that Goldman Sachs has not made any loans to the Manager, Trustee, or the Sponsor and in its capacity as Joint Bookrunner, Goldman Sachs will not receive proceeds from the Offering.

11.7.9 HSBC

HSBC is of the view that it has no conflict of interest in its capacity as Joint Bookrunner in relation to the Offering and the Listing in that HSBC has not made any loans to the Manager, Trustee, or the Sponsor and in its capacity as Joint Bookrunner, HSBC will not receive proceeds from the Offering.

11.7.10 JP Morgan

JP Morgan is of the view that it has no conflict of interest in its capacity as Joint Bookrunner in relation to the Offering and the Listing in that JP Morgan has not made any loans to the Manager, Trustee, or the Sponsor and in its capacity as Joint Bookrunner, JP Morgan will not receive proceeds from the Offering.

11.7.11 Maybank IB

Maybank IB is of the view that it has no conflict of interest in its capacity as Joint Bookrunner and Joint Underwriter in relation to the Offering and the Listing in that Maybank IB has not made any loans to the Manager, Trustee, or the Sponsor and in its capacity as Joint Bookrunner, Maybank IB will not receive proceeds from the Offering.

Maybank IB, its subsidiaries and associated companies, as well as its holding company Maybank Banking Berhad and the subsidiaries and associated companies of its holding company (the "**Maybank Group**"), form a diversified financial group and are in the ordinary course of business engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The Maybank Group has engaged and may in the future engage in transactions with and perform services for IGB REIT and/or its affiliates, in addition to the roles above.

In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of IGB REIT 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 other customers in debt or equity securities or senior loans of IGB REIT and/or its affiliates. This is a result of the businesses of the members of the Maybank Group generally acting independently of each other, and accordingly there may be situations where member(s) of the Maybank Group and/or its customers now have, or in the future, may have interest in, or take actions that may conflict with the interests of IGB REIT.

11.7.12 AmInvestment Bank

AmInvestment Bank is of the view that it has no conflict of interest in its capacity as Joint Underwriter in relation to the Offering and the Listing in that AmInvestment Bank has not made any loans to the Manager, Trustee, or the Sponsor.

11.7.13 PricewaterhouseCoopers

PricewaterhouseCoopers confirms that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants of IGB REIT.

11.7.14 PricewaterhouseCoopers Taxation Services Sdn Bhd

PricewaterhouseCoopers Taxation Services Sdn Bhd confirms that there is no conflict of interest in its capacity as the Tax Consultant of IGB REIT.

11.7.15 Rahmat Lim & Partners

Rahmat Lim & Partners acted as legal counsel and legal due diligence solicitors to KrisAssets in connection with the issuance of the circular and notice of the extraordinary general meeting to its shareholders, seeking their approval for among others, (i) the disposal of the Subject Properties by the Vendors which are wholly-owned subsidiaries of KrisAssets, which in turn is a subsidiary of the Sponsor, and (ii) the Offering. Rahmat Lim & Partners also acted as 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 Listing. Rahmat Lim & Partners confirms that there is no conflict of interest in its capacity as the Legal Adviser to the Manager as to Malaysian Law in relation to the Offering and the Listing.

11.7.16 Allen and Gledhill LLP

Allen and Gledhill LLP confirms that there is no conflict of interest in its capacity as the Transaction and International Legal Adviser to the Manager.

11.7.17 CB Richard Ellis (Malaysia) Sdn Bhd

CB Richard Ellis (Malaysia) Sdn Bhd confirms that there is no conflict of interest in its capacity as the Independent Property Market Consultant in relation to the Offering and the Listing.

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

11.7.18 Henry Butcher Malaysia Sdn Bhd

Henry Butcher Malaysia Sdn Bhd confirms that there is no conflict of interest in its capacity as the Independent Property Valuer in relation to the Offering and the Listing.

In its capacity as the Independent Property Valuer, Henry Butcher Malaysia Sdn Bhd was responsible for preparing the Valuation Certificates found in Appendix A "Valuation Certificates" of this Prospectus.

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12. APPROVAL, CONDITIONS, WAIVERS AND VARIATIONS

12.1 APPROVAL AND CONDITIONS

- (i) The SC has, through its letter dated 18 July 2012, approved the establishment of IGB REIT (including the appointment of the Manager and the Trustee), the Acquisitions, the Offering and the Listing. The conditions imposed by the SC and the status of compliance are as follows:

Details of conditions imposed	Status of compliance
With regard to the Management Fee, the Manager is: (a) to provide an illustration on how the Management Fee is calculated in the Prospectus; (b) to provide clear disclosure in the Prospectus that the Acquisition Fee and Divestment Fee are payable for all related-party transactions, including transactions with the Sponsor; and (c) to provide clear disclosure in the Prospectus that the Divestment Fee is payable in compulsory acquisitions.	Complied. The required disclosures have been included in Sections 6.6.1 and 6.6.2 of this Prospectus.
The Manager or its advisers is to provide evidence of compliance with Clause 3.28 of the REIT Guidelines prior to the registration of the Prospectus.	Complied, as informed via a letter to the SC dated 27 July 2012.
The Manager or its advisers is to submit an operational audit report of IGB REIT's operations to the SC within six months after IGB REIT is launched and listed. The appointment of the auditors and the scope of work shall be subject to the SC's clearance.	Noted and to be complied by the Manager.
The Manager or its advisers is to inform the SC of the Listing Date prior to the listing of IGB REIT.	To be complied.
The Listing must be completed within six months from the date of the decision letter. SC's approval is deemed to lapse if the Manager fails to do so within the stipulated timeframe.	To be complied.

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In addition, the SC has via the same letter approved the proposed issuance of up to 150,000,000 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 Fee together with the listing of and quotation for such Units proposed to be issued to the Manager. The conditions imposed by the SC and the status of compliance are as follows:

Details of conditions imposed	Status of compliance
<p>The Manager is to notify the SC on the following with regard to each issuance of such Units:</p> <p>(a) the actual number of new Units to be issued and listed as part payment for the Management Fee; and</p> <p>(b) the basis of arriving at such number of new Units.</p>	Noted and to be complied by the Manager.

- (ii) The SC had further granted its approval, through its letter dated 26 July 2012, for the outsourcing of the registrar and internal audit functions by the Manager to IGB (Share Registration Department) and IGB (Group Internal Audit Division), respectively. The conditions imposed by the SC and the status of compliance are as follows:

Details of conditions imposed	Status of compliance
IGB REIT is to inform the SC within 10 working days in the event of any variation or termination of the service level agreement with IGB.	Noted and to be complied by the Manager.
IGB REIT is to perform an assessment on IGB (Share Registration Department) within a year from commencement of the outsourcing arrangement. A report of this assessment must be submitted immediately to the SC.	Noted and to be complied by the Manager.

12.2 WAIVERS AND VARIATIONS

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

- (i) The SC has, through its letter dated 18 July 2012, granted the following waivers and variations in respect of compliance with the REIT Guidelines, Asset Valuation Guideline and the CIS Prospectus Guidelines (collectively, "**Guidelines**"):

Relevant section of the Guidelines	Details of the waiver or variation granted	Details of conditions imposed	Status of compliance
Paragraph 8.35 of the REIT Guidelines	Variation to allow IGB REIT to procure the Syndicated Financing Facilities from the Syndicated Lenders which include non-licensed institutions as prescribed under the REIT Guidelines.	This variation is only applicable for the Acquisitions which form part of the floatation scheme of IGB REIT.	Noted and to be complied by the Manager.
Paragraph 13.03(b) of the REIT Guidelines	Variation to allow for only 1.0% of the issued fund size of IGB REIT to be offered to the Malaysian Public (via balloting) under the Retail Offering.	-	-
Paragraph 13.13(c) of the REIT Guidelines	Variation to allow for a restricted offer of Units to be made to the eligible directors and employees of the eligible subsidiaries of the Sponsor (excluding the Manager) as part of the Retail Offering.	-	-
Paragraph 4.12(e) of the Asset Valuation Guidelines	Waiver to allow the Independent Property Valuer to issue the valuation reports for the Subject Properties without detailing the names and the corresponding lot numbers of the respective tenants.	-	-

Relevant section of the Guidelines	Details of the waiver or variation granted	Details of conditions imposed	Status of compliance
Paragraph 20.07(a)(ii), Part II of the CIS Prospectus Guidelines	Waiver from disclosing the Subject Properties' major tenants and their corresponding percentage contribution to total gross rental income but instead to only disclose the Subject Properties' major tenants' aggregated percentage of contribution to total gross rental income together with their individual percentage of Occupied NLA.	-	-
Paragraph 3.10(j), Part IV of the CIS Prospectus Guidelines	Waiver to allow a copy of the unstamped Syndicated Financing Agreement to be submitted to the SC as part of the registration documents three market days prior to obtaining the SC's approval for the registration of the Prospectus.	-	-

- (ii) Bursa Securities has, through its letter dated 3 August 2012, granted its approval on the Extension Application as set out in Section 3 "Particulars of the Offering" of this Prospectus, in relation to the extension of time in meeting the Public Spread Requirement (please refer to Section 3.1 "Introduction" of this Prospectus for further details on the Extension Application).

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 Take-over Code 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, the Listing Requirements serve to govern the operation and administration of REITs and together with the Take-over Code 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 Take-over Code 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; have a minimum shareholders fund of RM1 million at all times and approved by the SC. The REIT Guidelines contain provisions on reconstruction, amalgamation and change in shareholding of the management company (which will require the prior approval of the SC), composition of the board of directors (including independent members), appointment of a chief executive officer, designated person responsible for the REIT, compliance person and property manager.
- (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, 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 Deed or any contravention of securities laws.
- (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 deed of trust, prospectus, guidelines and securities laws are complied with. Note also that the delegation of a management company's function requires the SC's prior approval.

- (iv) **Investment of the REIT** – The REIT Guidelines set out the investment perimeters of REITs in Malaysia including among other things, the spread limits, concentration limits, etc, Real Estate-Related Assets, Non-Real-Estate Assets, investments in deposits, investments in foreign real estate/markets and the level of borrowings (which shall not exceed 50.0% of the Total Asset Value of the REIT at any time), acquisition of real estate (i.e., at a price more than 110.0% of the value assessed in a valuation report (unless varied by the SC) and likewise a REIT should not dispose of a real estate asset at a price lower than 90.0% of the value assessed in a valuation report; and the disposal of any real estate (e.g, any disposal of real estate at a value exceeding 50.0% of the REITs' Total Asset Value must be sanctioned by the unitholders by way of an ordinary resolution).
- (v) **Valuation** – Valuations of real estate are required to be undertaken at least once every three years. The REIT Guidelines also govern the valuation of Real Estate-Related Assets and Non-Real Estate-Related Assets, appointment of the valuer, preparation of the valuation report, regulatory parameters on valuation of real estate and announcement/publication of NAV per unit of REIT.
- (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, which must be permitted by the deed of trust and disclosed in the prospectus and only expenses directly related to 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) **Issue of securities by a REIT** – Unless contemplated in the deed of trust constituting the REIT and approved by the SC, any issuance of new units by a REIT is subject to approval by the unitholders and, where relevant, the prior approval of the SC.
- (viii) **Operational matters** – The chapter on operational matters in the REIT Guidelines covers issues such as the registration of unitholders, the branch register of unitholders outside Malaysia, distribution of income, rebates and commission, transfer scheme (which is an arrangement to transfer REIT property from a REIT to another REIT), unitholders' meetings, notice, voting rights, chairperson of meetings, quorum, 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 2 independent directors while maintaining a minimum ratio of at least 1/3 independent directors at all times.

- (ii) **General meetings** – The deed of a listed REIT is required to be in compliance with the Listing Requirements in relation to notice, proxies and voting rights of the Unitholders.
- (iii) **Continuing listing obligation** – The chapter on continuing listing obligation covers 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.

13.1.3 Under the Take-over Code:

The Take-over Code applies to REITs that are listed on Bursa Securities. Under the Take-over Code, 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 REIT) is required to extend a mandatory offer for the remaining Units in accordance with the Take-over Code, 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-month period under the Take-over Code, unless otherwise exempted.

As a result, acquisitions of Units which may result in a change in control of IGB REIT will be subject to the provisions of the Take-over 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 (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 National Land Code 1965 ("**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 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:

- (a) the NLC;
- (b) the NLCPM;
- (c) Strata Titles Act 1985 (“**STA**”);
- (d) Sarawak Land Code (Cap 81) (“**Sarawak Land Code**”); and
- (e) 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 this 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, and the STA is only applicable to West Malaysia and the Federal Territory of Labuan.

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 Rent and Security of Tenure) Ordinance 1955;
- (viii) the Kelantan Land Settlement Ordinance 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 the 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 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. "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 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;
- (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 three 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. However, on approving the alienation of land, the State Authority may, if it is satisfied that the imposition of express conditions could better control the use of the land, direct that no category of land use be endorsed on the document of title.

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 lien-holder'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:

(a) Private caveats

Private caveat is one 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 years from the time of the lodgement of the same, unless earlier withdrawn or removed by the Registrar of Titles/Land Administrator or the court.

(b) Trust caveats

Trust caveat is one of the restraints on dealings under the NLC. The Registrar of Titles/Land Administrator may enter a trust caveat on the application of (a) the trustees for the time being of any land or interest; or (b) the person or body by whom any land or interest is first transferred to trustees; or (c) the person or body by whom any interest is created in favour of trustees, provided that no application made by virtue of (b) or (c) shall be entertained unless it is presented to the Registrar of Titles/Land Administrator with the instrument transferring or creating the land or interest in question.

A trust caveat will prohibit, among others, the registration of any instrument of dealings directly affecting the trust property. However, the trust caveat will not prohibit any registration of dealings which is presented prior to the time from which the trust caveat takes effect.

A trust caveat shall continue in force until cancelled by the Registrar of Titles/Land Administrator on an application in that behalf by the trustees for the time being and all persons and bodies beneficially entitled under the trust.

(c) 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:

- (i) any instrument of dealing executed by or on behalf of the proprietor save and except for any certificate of sale relating thereto;
- (ii) any claim to the benefit of any tenancy exempt from registration granted by the proprietor; and
- (iii) 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 power to charge 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 office administrator or the

collector of land revenue, 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 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 thereof. A lease granted under the NLC must be more than three years and 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

Under the STA, the owner of a building who has sold or agreed to sell any parcel comprised in the building to any person, is required to apply for an individual strata title to the parcel within the period stipulated in the STA.

The establishment and functions of the JMB and the management corporation (“MC”) for the purpose of managing and maintaining the common areas of those buildings constructed on the land situate within West Malaysia and the Federal Territory of Labuan have been provided for in the respective acts named below:

(a) Building and Common Property (Maintenance and Management) Act 2007 (“BCPA”)

Pursuant to the BCPA, where a building or land intended for subdivision into parcels has been completed:

- (i) before the commencement of BCPA and vacant possession of the parcels has been delivered by the developer to the purchaser but the MC has not come into existence, the JMB shall be established consisting of the developer and parcel owners upon the convening of the first meeting no later than 12 months from the commencement of the BCPA;
- (ii) on or after the commencement of the BCPA, the JMB shall be established consisting of the developer and the parcel owners upon the convening of the first meeting not later than 12 months from the date of delivery of vacant possession of the parcels to the parcel owners.

The JMB is required to elect a joint management committee, consisting of one representative of the developer and not less than 5 but not more than 12 parcel owners, at a general meeting to perform the duties of the JMB, conduct the business of JMB on its behalf and for that purpose, to exercise the powers of the JMB under the BCPA.

There are three types of meetings namely, the first general meeting, the annual general meetings and the extraordinary general meetings to be held by the JMB. At the first general meeting, each parcel owner who has paid his maintenance charges in respect of his parcel to the building management account of the developer is entitled to vote by show of hands. Joint purchasers will only be entitled to vote by appointing a proxy. The BCPA does not provide for voting on poll and therefore, each parcel owner is only entitled to one vote regardless of the share units allotted to his parcel. Although the BCPA made provisions for rules to regulate the first general meeting of the JMB, there are no provisions on how the subsequent annual general meetings or extraordinary general meetings are to be conducted and it is also not clear whether the rules on quorum and voting rights for the first general meeting of the JMB will apply to subsequent annual general meetings or extraordinary general meetings. The parcel owners and the developer will therefore have to agree on their voting rights in the said meetings.

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

(b) STA

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 owners 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 lot. Upon its establishment, the MC is responsible for the maintenance and management of common property (which means so much of the lot as is not comprised in any parcel (including any accessory parcel), or any provisional block as shown in an approved strata plan).

The by-laws set out in the Third Schedule of the STA shall, as and from the opening of a book of the strata register, be in force for all purposes in relation to every subdivided building or land and shall not be amended by the MC. The purposes of by-laws are for regulating the control, management, administration,

use and enjoyment of the strata development. 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 STA.

The STA provides for meetings to be held periodically. Under the STA, three types of meeting are provided to be held by the MC, namely, the first annual general meeting, the annual general meetings and the extraordinary general meetings.

It shall be the duty of the original proprietor to convene the first annual general meeting of the MC. The agenda for the first annual general meeting includes, among other things, to confirm or vary the insurances effected by the MC and the amounts of contributions to the management fund, to determine the members of the council and to elect the council and to decide whether to amend the additional by-laws in force immediately before the holding of the meeting.

Annual general meetings are required to be held by the MC annually for the consideration of accounts, election of council members and such other matters as may be required. Extraordinary general meetings are held by the council of the MC upon request by the parcel owners or commissioner of buildings or when the council deems appropriate or necessary.

Each parcel owner shall, at general meetings, have one vote on a show of hands and on poll will have such number of votes that corresponds with the number of share units attached to his parcel. A co-proprietor may vote by means of a jointly appointed proxy. Only parcel owners whose separate strata titles to their respective parcels are registered in their names are allowed to vote.

Pursuant to the STA, every parcel shall have a share value approved by the relevant authority and expressed in whole numbers to be known as share units. Share units allotted to the parcels can be based on a few factors, namely, the areas of the parcels and the purchase consideration of the parcels.

The share units allocated to each parcel owner is important as it determines, among other things, the following:

- (i) the voting rights of each parcel owner on a poll;
- (ii) the quantum of the undivided share of each parcel owner in the common property;
- (iii) the proportion of the contribution payable by each parcel owner to the management fund;
- (iv) the proportion of each parcel owner's entitlement to the profits arising from transactions pertaining to the common property;
- (v) the proportion of each parcel owner's liability for the debts of the MC;
- (vi) the proportion of each parcel owner's entitlement to the proceeds of a sale of the lot and his share in the surplus of the funds of the MC, if any, on the termination of the strata scheme.

13.2.13 Guideline on the Acquisition of Properties

Pursuant to the Guideline on the Acquisition of Properties issued by the Economic Planning Unit of the Prime Minister's Department ("EPU"), with effect from 1 January 2012, except for residential unit, 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 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 fifty per cent (50.0%) of its total assets, and the said property is valued more than RM20.0 million.

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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.
- (ii) The Units will rank pari passu 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 REIT Guidelines, the Manager is required, on a quarterly basis, to carry out a valuation of IGB REIT's investments in Real Estate-Related Assets and Non-Real Estate-Related Assets and announce the NAV of IGB 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 Securities' website www.bursamalaysia.com.
- (iv) IGB REIT will also be providing Unitholders with an annual report on its performance which will also include information on the NAV per Unit. The Manager must also give the SC the annual report no later than two 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 REIT from the Bursa Securities' website www.bursamalaysia.com after the Listing.

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

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

Telephone Number: +603 2289 8989

E-mail: enquiry@igbreit.com

Website: www.igbreit.com

- (vi) Save as disclosed in this Prospectus, as at the Latest Practicable Date, the Directors confirm that IGB 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 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 REIT's financial performance, position and operation.

- (vii) The Manager has not established any policies or procedures to counter the risk involving money-laundering activities. It is not pertinent for the Manager to adopt such policies and procedures as unlike other unit trust funds, IGB REIT is a REIT to be listed on the Main Market and will not be sourcing for investment funds on a regular basis nor does IGB REIT allow for redemption of its Units. Further, IGB REIT does not receive monies from investors on cash terms.

14.2 MATERIAL CONTRACTS

The dates of, parties to, and general nature of every material contract which IGB REIT (via the Trustee) 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 REIT) are as follows:

- (i) the Deed dated 18 July 2012 constituting IGB REIT and registered with the SC on 25 July 2012 entered into between the Manager and the Trustee, for the benefit of the Unitholders;
- (ii) the Mid Valley Megamall SPA dated 26 July 2012 between MVC and the Trustee whereby the Trustee agreed to purchase Mid Valley Megamall and the Mid Valley Megamall Related Assets for a purchase consideration of RM3,440,000,000 and RM1,582,000, respectively, with the purchase consideration of Mid Valley Megamall to be satisfied in cash and the issuance of Consideration Units and the purchase consideration of the Mid Valley Megamall Related Assets to be fully satisfied in cash;
- (iii) the supplemental agreement to the Mid Valley Megamall SPA dated 23 August 2012 between MVC and the Trustee whereby the parties agreed to amend and vary the terms of the Mid Valley Megamall SPA in the manner therein contained;
- (iv) The Gardens Mall SPA dated 26 July 2012 between MVCD as the registered land proprietor, MVCG as the Vendor and the Trustee on behalf of IGB REIT as the purchaser whereby the Trustee agreed to purchase The Gardens Mall and The Gardens Mall Related Assets for a purchase consideration of RM1,160,000,000 and RM10,977,000, respectively, with the purchase consideration of The Gardens Mall to be satisfied in cash and the issuance of Consideration Units and the purchase consideration of The Gardens Mall Related Assets to be fully satisfied in cash;
- (v) the supplemental agreement to The Gardens Mall SPA dated 23 August 2012 between MVCD as the registered land proprietor, MVCG as the Vendor and the Trustee on behalf of IGB REIT as the purchaser whereby the parties agreed to amend and vary the terms of The Gardens Mall SPA in the manner therein contained;
- (vi) the Retail Underwriting Agreement for the Retail Offering dated 3 August 2012 entered into between the Manager, the Sponsor, the Offeror, the Joint Managing Underwriters and the Joint Underwriters for the underwriting of 136,207,924 Offer Units under the Retail Offering at an underwriting commission of up to 2.0%, based on the Retail Price for each Offer Unit being underwritten;

- (vii) the facilities agreement for the Syndicated Financing Facilities dated 16 August 2012 between the Syndicated Lenders, the Trustee, the security agent, the facility agent, the lead manager and the lead arranger in respect of the Syndicated Financing Facilities; and
- (viii) the Property Management Agreement dated 26 July 2012 between the Property Manager, the Manager and the Trustee 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.

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 together with the Related Assets free from encumbrances but subject to, among others, the following:

- (i) all conditions of title and all restrictions-in-interest whether express or implied in the master titles to the lands where the Subject Properties have been constructed upon and the strata titles to the Subject Properties when issued; and
- (ii) all the leases, tenancies and licences in respect of any part or parts of the Subject Properties together with all the rights, benefits and obligations thereunder.

The SPAs are interdependent and the Trustee is not obliged to complete the purchase of either Subject Property unless the purchases of the Subject Properties are completed concurrently under the SPAs.

14.3.2 Purchase Consideration

The total purchase consideration for the Subject Properties and the Related Assets amounting to approximately RM4,613 million shall be satisfied by the Trustee in the following manner:

- (i) the issuance and allotment of the Consideration Units to be credited into the CDS Account as may be notified by the Vendors, on the Completion Date of the SPAs or such other date as the parties thereto may agree in writing; and
- (ii) the balance of the purchase consideration of approximately RM1,213 million for the acquisition of the Subject Properties and the Related Assets by way of cash which shall, on the Completion Date of the SPAs, be paid firstly towards settlement of the redemption sum required to redeem the Subject Properties from the existing financiers of KrisAssets group and the balance (if any) shall be paid to the Vendors in their respective proportions.

14.3.3 Conditions Precedent

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

- (i) the consents of the existing financiers of KrisAssets group to the sale of the Subject Properties and the Related Assets by the Vendors being obtained, if required, by the respective Vendors;
- (ii) the consent of the holders of the redeemable convertible secured bonds of up to the aggregate nominal amount of RM300.0 million, issued by KrisAssets and as constituted under the Trust Deed dated 7 January 2011 made between KrisAssets and Pacific Trustees Berhad, to the sale of the Subject Properties and the Related Assets by the Vendors having been obtained by the Vendors;
- (iii) the consent of the State Authority for the transfer of the Subject Properties in favour of the Trustee having been obtained by the Vendors;
- (iv) the approval of the Bursa Securities for the Listing and the Extension Application having been obtained by the Manager;
- (v) the Prospectus for the Offering having been issued; and
- (vi) the receipt by the Trustee's solicitors of the written confirmation from the Manager addressed to the Trustee's solicitors confirming that all the conditions, variations or revisions imposed by SC and Bursa Securities in respect of the acquisition of the Subject Properties which are capable of being satisfied up to the date of such written confirmation have been satisfied and that the Offeror is 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 Subject Properties

Pursuant to the Mid Valley Megamall SPA:

- (i) MVC had among others, undertaken and covenanted to:
 - (a) apply for the subdivision of title for the master land on which Mid Valley Megamall is constructed and for the issuance of the strata titles to Mid Valley Megamall and if required, to apply and obtain the approval, or no objection of the State Authority in respect of the restriction-in-interest affecting such strata titles for the registration of the same in favour of the Trustee on behalf of IGB REIT;
 - (b) upon issuance of the strata titles to Mid Valley Megamall, execute a valid and registrable but unstamped memorandum of transfer in respect of Mid Valley Megamall in favour of the Trustee on behalf of IGB REIT and deliver the same together with the original strata titles and all such documents as may be required from MVC for presentation of the transfer for registration at the relevant land registry; and
 - (c) ensure that the Mid Valley Megamall Consent (as defined in Section 5.1.14 "Beneficial ownership of the Subject Properties is dependent on the validity of the State Authority's consent on the Completion Date of the SPAs and the Trustee may not be registered as the legal owner of the Subject Properties" of this Prospectus) shall remain valid and subsisting pending the issuance of the strata titles to Mid Valley Megamall and the transfer and registration of the same in favour of the Trustee on behalf of IGB REIT;

- (ii) MVC will grant to the Trustee, on the completion date of the Mid Valley Megamall SPA, an irrevocable and unconditional power of attorney to transfer the strata titles to Mid Valley Megamall in favour of the Trustee on behalf of IGB REIT when issued as well as to deal with Mid Valley Megamall as fully and effectually as MVC could do as legal owner of Mid Valley Megamall; and
- (iii) MVC will execute on or before completion date of the Mid Valley Megamall SPA, a declaration of trust, declaring that MVC will, on and from the completion date of the Mid Valley Megamall SPA until the issuance, transfer and registration of the strata titles to Mid Valley Megamall in the name of the Trustee on behalf of IGB REIT, hold the legal title to Mid Valley Megamall on trust as bare trustee for and on behalf of the Trustee (acting on behalf of IGB REIT) as beneficial owner, and will do all such acts and things as may be necessary to give effect to any dealing by the Trustee (acting on behalf of IGB REIT) with regards to Mid Valley Megamall.

Pursuant to The Gardens Mall SPA:

- (i) MVCD had, among others, undertaken and covenanted:
 - (a) to apply for the subdivision of title for the master land on which The Gardens Mall is constructed and for the issuance of the strata titles to The Gardens Mall, and if required, to apply and obtain the approval, or no objection of the State Authority in respect of the restriction-in-interest affecting such strata titles for the registration of the same in favour of the Trustee on behalf of IGB REIT; and
 - (b) upon the issuance of the strata titles to The Gardens Mall, execute a valid and registrable but unstamped memorandum of transfer in respect of The Gardens Mall in favour of the Trustee on behalf of IGB REIT and deliver the same together with the original strata titles and all such documents as may be required from MVCD for presentation of the transfer for registration at the relevant land registry;
- (ii) MVCD and MVCG had among others, undertaken and covenanted to ensure that The Gardens Mall First Consent and The Gardens Mall Second Consent (both as defined in Section 5.1.14 "Beneficial ownership of the Subject Properties is dependent on the validity of the State Authority's consent on the Completion Date of the SPAs and the Trustee may not be registered as the legal owner of the Subject Properties" of this Prospectus) shall remain valid and subsisting pending the issuance of the strata title to The Gardens Mall and the transfer and registration of the same in favour of the Trustee on behalf of IGB REIT;
- (iii) MVCD will grant to the Trustee, on the completion date of The Gardens Mall SPA, an irrevocable and unconditional power of attorney to transfer the strata titles to The Gardens Mall in favour of the Trustee on behalf of IGB REIT when issued as well as to deal with The Gardens Mall as fully and effectually as MVCD could do as legal owner of The Gardens Mall; and

- (iv) MVCD will execute on or before completion date of The Gardens Mall SPA, a declaration of trust, declaring that MVCD will, on and from the completion date of The Gardens Mall SPA until the issuance, transfer and registration of the strata titles to The Gardens Mall in the name of the Trustee on behalf of IGB REIT, hold the legal title to The Gardens Mall on trust as bare trustee for and on behalf of the Trustee (acting on behalf of IGB REIT) as beneficial owner, and will do all such acts and things as may be necessary to give effect to any dealing by the Trustee (acting on behalf of IGB REIT) with regards to The Gardens Mall.

14.3.5 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, 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 subject to the Consents to Transfer (as defined in Section 5.1.14 “Beneficial ownership of the Subject Properties is dependent on the validity of the State Authority’s consent on the Completion Date of the SPAs and the Trustee may not be registered as the legal owner of the Subject Properties” of this Prospectus) remaining valid and subsisting;
- (ii) all the rights, benefits and interests in all the leases, tenancies and licences in respect of the Subject Properties which are subsisting on the Completion Date of the SPAs will be assigned by the Vendors to the Trustee;
- (iii) all outgoings in respect of the Subject Properties shall be apportioned on the Completion Date of the SPAs 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;
- (iv) all income in respect of the Subject Properties shall be apportioned on the Completion Date of the SPAs 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
- (v) 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.

14.3.6 Representations and Warranties

The Vendors have given specific representations and warranties relating to, among others, the Subject Properties and the tenancies 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 Offeror, the Trustee, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters, the Joint Underwriters, the principal bankers, the Issuing House, the legal advisers, the Property Manager, the company secretary of the Manager, the Registrar 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 Auditors/Reporting Accountants to the inclusion in this Prospectus of their letter on the Profit Forecasts as well as the letter relating to the Pro Forma Statement of Financial Position and their names in the manner, form and context in which they appear 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 REIT and Unitholders and their names in the manner, form and context in which it 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 Certificates and their names in the manner, form and context in which it 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 it 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) the material contracts referred to in Section 14.2 "Material Contracts" of this Prospectus;
- (ii) the Valuation Certificates dated 10 April 2012 as set out in Appendix A of this Prospectus as well as the full valuation reports dated 10 April 2012 for the Subject Properties;
- (iii) the Independent Property Market Report as set out in Appendix B of this Prospectus;
- (iv) the Tax Consultant's Letter on Taxation of IGB REIT and Unitholders as set out in Appendix C of this Prospectus;

- (v) the Reporting Accountants' Letter on the Pro Forma Statement of Financial Position as at its date of establishment as set out in Appendix D of this Prospectus;
- (vi) the Reporting Accountants' Letter on the Profit Forecasts as set out in Appendix E of this Prospectus;
- (vii) the letters of consent referred to in Section 14.4 "Consents" of this Prospectus; and
- (viii) the writ and cause papers in respect of the material litigation of the Trustee as referred to in Section 8.8 "Material Litigation and Arbitration" of this Prospectus, which shall only be made available at the Trustee's registered office.

14.6 RESPONSIBILITY STATEMENTS

- (i) This Prospectus has been reviewed and approved by the directors of the Manager and the Offeror 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, there are no false or misleading statements, or omission of other facts which would make any statement in the Prospectus false or misleading. Each of the directors of the Manager and the Offeror accepts full responsibility for the profit forecasts included in this Prospectus and confirm that the profit forecasts 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 of the Manager and the Offeror is therefore restricted to the accurate reproduction of such relevant information as included in this Prospectus.

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