

# **IGB REAL ESTATE INVESTMENT TRUST**

## **Interim Financial Report for the 3-month ended 31 December 2019**

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**IGB Real Estate Investment Trust**

**Condensed Consolidated Statement of Comprehensive Income**

*(The figures have not been audited)*

	Quarter		Period-To-Date	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Gross rental income	101,244	99,665	401,441	388,776
Revenue from contracts with customers	38,370	37,541	150,691	146,913
<b>Gross revenue</b>	<b>139,614</b>	<b>137,206</b>	<b>552,132</b>	<b>535,689</b>
Utilities expenses	(12,044)	(12,477)	(49,502)	(48,054)
Maintenance expenses	(9,765)	(6,211)	(26,320)	(25,319)
Quit rent and assessment	(3,757)	(3,757)	(15,024)	(15,024)
Reimbursement costs	(12,881)	(12,628)	(50,057)	(48,669)
Other operating expenses/upgrades	(5,078)	(5,680)	(12,443)	(12,373)
<b>Property operating expenses</b>	<b>(43,525)</b>	<b>(40,753)</b>	<b>(153,346)</b>	<b>(149,439)</b>
<b>Net property income</b>	<b>96,089</b>	<b>96,453</b>	<b>398,786</b>	<b>386,250</b>
Changes in fair value on investment properties	-	30,000	-	30,000
Interest income	1,584	1,625	7,128	6,756
<b>Net investment income</b>	<b>97,673</b>	<b>128,078</b>	<b>405,914</b>	<b>423,006</b>
Manager fee	(8,732)	(8,720)	(35,499)	(34,680)
Trustees' fee	(81)	(81)	(320)	(320)
Other trust expenses	(230)	(396)	(1,175)	(1,193)
Finance costs	(13,373)	(13,373)	(53,060)	(53,060)
<b>Profit before taxation</b>	<b>75,257</b>	<b>105,508</b>	<b>315,860</b>	<b>333,753</b>
Taxation	-	-	-	-
<b>Profit after taxation</b>	<b>75,257</b>	<b>105,508</b>	<b>315,860</b>	<b>333,753</b>
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>75,257</b>	<b>105,508</b>	<b>315,860</b>	<b>333,753</b>
Distribution adjustments <sup>*1</sup>	6,407	(20,531)	25,994	7,677
<b>Distributable income</b>	<b>81,664</b>	<b>84,977</b>	<b>341,854</b>	<b>341,430</b>
<b>Profit for the period comprise the following:</b>				
- Realised	75,257	75,508	315,860	303,753
- Unrealised	-	30,000	-	30,000
	<b>75,257</b>	<b>105,508</b>	<b>315,860</b>	<b>333,753</b>
<b>Basic earnings per Unit (sen)</b>				
- before Manager fee	2.37	3.24	9.92	10.45
- after Manager fee	2.12	2.99	8.91	9.47

**IGB Real Estate Investment Trust**

**Condensed Consolidated Statement of Comprehensive Income (continued)**

*(The figures have not been audited)*

**Note:**

\*1 *The composition of distribution adjustments is as follows:-*

	<b>Quarter</b>		<b>Period-To-Date</b>	
	<b>31.12.2019</b>	31.12.2018	<b>31.12.2019</b>	31.12.2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Changes in fair value on investment properties	-	(30,000)	-	(30,000)
Manager fee payable in Units	<b>5,675</b>	8,720	<b>23,074</b>	34,680
Amortisation of capitalised borrowing costs	<b>65</b>	65	<b>260</b>	260
Depreciation of plant & machinery	<b>667</b>	684	<b>2,660</b>	2,737
<b>Distribution Adjustments</b>	<b>6,407</b>	(20,531)	<b>25,994</b>	7,677

**IGB Real Estate Investment Trust**

**Condensed Consolidated Statement of Comprehensive Income (continued)**

*(The figures have not been audited)*

**Statement of Income Distribution:-**

	<b>Quarter</b>		<b>Period-To-Date</b>	
	<b>31.12.2019</b>	31.12.2018	<b>31.12.2019</b>	31.12.2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Gross rental income	<b>101,244</b>	99,665	<b>401,441</b>	388,776
Revenue from contracts with customers	<b>38,370</b>	37,541	<b>150,691</b>	146,913
Interest income	<b>1,584</b>	1,625	<b>7,128</b>	6,756
Changes in fair value on investment properties	-	30,000	-	30,000
	<b>141,198</b>	168,831	<b>559,260</b>	572,445
Less: Expenses	<b>(65,941)</b>	(63,323)	<b>(243,400)</b>	(238,692)
Total comprehensive income for the period	<b>75,257</b>	105,508	<b>315,860</b>	333,753
Distribution adjustment	<b>6,407</b>	(20,531)	<b>25,994</b>	7,677
Distributable income	<b>81,664</b>	84,977	<b>341,854</b>	341,430
Previous period undistributed realised income	<b>13,009</b>	12,179	-	-
Total realised income available for distribution	<b>94,673</b>	97,156	<b>341,854</b>	341,430
Less: Proposed/declared income distribution	<b>(77,525)</b>	(80,693)	<b>(324,706)</b>	(324,967)
Balance undistributed realised income	<b>17,148</b>	16,463	<b>17,148</b>	16,463
Distribution per Unit (“DPU”) (sen)	<b>2.19</b>	2.28	<b>9.16</b>	9.19

The unaudited condensed consolidated statement of comprehensive income and statement of income distribution should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 (“AFS FY2018”) and the accompanying notes attached to this Interim Financial Report.

**IGB Real Estate Investment Trust**

**Condensed Consolidated Statement of Financial Position**

*(The figures have not been audited)*

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
<b>Non-current assets</b>		
Investment properties	4,960,000	4,960,000
Plant and equipment	5,655	7,964
	4,965,655	4,967,964
<b>Current assets</b>		
Trade and other receivables	29,787	27,879
Cash and bank balances	225,509	207,123
	255,296	235,002
<b>TOTAL ASSET VALUE</b>	<b>5,220,951</b>	<b>5,202,966</b>
<b>FINANCED BY:</b>		
<b>Unitholders' fund</b>		
Unitholders' capital	4,462,484	4,436,366
Accumulated losses	(669,675)	(678,461)
Current year profit	315,860	333,753
Income distribution	(324,706)	(324,967)
<b>Total unitholders' fund</b>	<b>3,783,963</b>	<b>3,766,691</b>
<b>Non-current liabilities</b>		
Borrowings	1,199,285	1,199,025
	1,199,285	1,199,025
<b>Current liabilities</b>		
Borrowings	14,900	14,900
Trade and other payables	222,803	222,350
	237,703	237,250
<b>Total liabilities</b>	<b>1,436,988</b>	<b>1,436,275</b>
<b>TOTAL UNITHOLDERS' FUND AND LIABILITIES</b>	<b>5,220,951</b>	<b>5,202,966</b>
Number of Units in circulation ('000 units)	3,548,828	3,534,810
<b>NET ASSET VALUE ("NAV") (RM'000)</b>		
- Before income distribution	4,108,669	4,091,658
- After income distribution	3,783,963	3,766,691
<b>NAV per Unit (RM)</b>		
- Before income distribution	1.1578	1.1575
- After income distribution	1.0663	1.0656

The unaudited condensed consolidated statement of financial position should be read in conjunction with the AFS FY2018 and the accompanying notes attached to this Interim Financial Report.

**IGB Real Estate Investment Trust**

**Condensed Consolidated Statement of Changes in Net Asset Value**

*(The figures have not been audited)*

	<b>Unitholders' Capital RM'000</b>	<b>Accumulated Losses RM'000</b>	<b>Total Unitholders' Fund RM'000</b>
<b>As at 1 January 2019</b>	4,436,366	(669,675)	3,766,691
Total comprehensive income for the year	-	315,860	315,860
Income distribution	-	(324,706)	(324,706)
Net total comprehensive loss for the year	-	(8,846)	(8,846)
<b>Unitholders' transactions</b>			
- Issue of new Units	26,118*	-	26,118
Manager fee paid in Units	-	-	-
Increase in net assets resulting from unitholders' transactions	26,118	-	26,118
<b>As at 31 December 2019</b>	<b>4,462,484</b>	<b>(678,521)</b>	<b>3,783,963</b>
<b>As at 1 January 2018</b>	<b>4,401,760</b>	<b>(678,461)</b>	<b>3,723,299</b>
Total comprehensive income for the year	-	333,753	333,753
Income distribution	-	(324,967)	(324,967)
Net total comprehensive income for the year	-	8,786	8,786
<b>Unitholders' transactions</b>			
- Issue of new Units	34,606	-	34,606
Manager fee paid in Units	-	-	-
Increase in net assets resulting from unitholders' transactions	34,606	-	34,606
<b>As at 31 December 2018</b>	<b>4,436,366</b>	<b>(669,675)</b>	<b>3,766,691</b>

**Note:**

Issue of new Units involves:

	<b>Units '000</b>	<b>Amount RM'000</b>
Manager fee paid in Units:		
- for the financial quarter ended 31 December 2018	5,012	8,720
- for the financial quarter ended 31 March 2019	3,129	5,851
- for the financial quarter ended 30 June 2019	2,889	5,720
- for the financial quarter ended 30 September 2019	2,988	5,827
	<b>14,018</b>	<b>26,118*</b>

The unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the AFS FY2018 and the accompanying notes attached to this Interim Financial Report.

**IGB Real Estate Investment Trust**

**Condensed Consolidated Statement of Cash Flows**

*(The figures have not been audited)*

	<b>Period-To-Date 31.12.2019 RM'000</b>	<b>Period-To-Date 31.12.2018 RM'000</b>
<b>Operating activities</b>		
Profit before tax	315,860	333,753
Adjustment for:		
Non-cash items	37,963	7,063
Non-operating items	45,932	46,304
Operating profit before changes in working capital	399,755	387,120
Net change in current assets	(1,488)	(3,170)
Net change in current liabilities	(5,781)	(142)
<b>Net cash generated from operating activities</b>	<b>392,486</b>	<b>383,808</b>
<b>Investing activities</b>		
Purchase of plant and equipment	(367)	(580)
Proceeds from disposal of plant and equipment	1	-
Interest received	6,919	7,800
Movement in fixed deposits with maturity of more than 3 months	30	147,299
Movement in pledged deposit	(960)	(1,277)
<b>Net cash generated from investing activities</b>	<b>5,623</b>	<b>153,242</b>
<b>Financing activities</b>		
Interest paid	(52,800)	(52,800)
Distribution paid to unitholders	(327,853)	(416,313)
<b>Net cash used in financing activities</b>	<b>(380,653)</b>	<b>(469,113)</b>
<b>Net increase in cash and cash equivalents</b>	<b>17,456</b>	<b>67,937</b>
Cash and cash equivalents at beginning of period	179,632	111,695
<b>Cash and cash equivalents at end of period</b>	<b>197,088</b>	<b>179,632</b>
<b>Note:</b>		
<i>Cash and bank balances</i>	<i>225,509</i>	<i>207,123</i>
<i>Less:-</i>		
<i>Fixed deposits with maturity of more than 3 months</i>	<i>-</i>	<i>(30)</i>
<i>Pledged deposit</i>	<i>(28,421)</i>	<i>(27,461)</i>
<i>Cash and cash equivalents</i>	<i>197,088</i>	<i>179,632</i>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the AFS FY2018 and the accompanying notes attached to this Interim Financial Report.

**Part A – Disclosure Requirements Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134**

**A1 Basis of preparation**

This Interim Financial Report is unaudited and has been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by Malaysian Accounting Standards Board, the MMLR and the Securities Commission’s Guidelines on Listed Real Estate Investment Trusts (“REIT Guidelines”). This Interim Financial Report should be read in conjunction with the AFS FY2018 and the accompanying notes attached to this Interim Financial Report. The accounting policies and methods of computation adopted in this Interim Financial Report are consistent with those disclosed in the AFS FY2018.

**A2 Auditors’ report of preceding financial statements**

The auditors’ report for FY2018 was not subject to any audit qualification.

**A3 Seasonal or cyclical factors**

IGB REIT’s operations were not significantly affected by seasonal or cyclical factors.

**A4 Significant unusual items**

There were no significant unusual items that affect the assets, liabilities, equity, net property income or cash flow during the period-to-date under review.

**A5 Material changes in estimates**

Not applicable.

**A6 Debt and equity securities**

Issue of new Units:-

	<b>Units ‘000</b>	<b>Amount RM’000</b>
Manager fee paid		
- for the financial quarter ended 31 December 2018	5,012	8,720
- for the financial quarter ended 31 March 2019	3,129	5,851
- for the financial quarter ended 30 June 2019	2,889	5,720
- for the financial quarter ended 30 September 2019	2,988	5,827
	14,018	26,118

Save for the issuance of new Units of IGB REIT as payment for Manager fee, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period-to-date.



## **IGB Real Estate Investment Trust**

### **A7 Income distribution**

For the first quarter ended 31 March 2019, the Manager paid a distribution amounting to RM85.0 million or 2.40 sen per Unit (@ 2.36 sen taxable and 0.04 sen non-taxable) on 31 May 2019, representing approximately 95% of total distributable income.

For the second quarter ended 30 June 2019, the Manager paid a distribution amounting to RM80.1 million or 2.26 sen per Unit (@ 2.22 sen taxable and 0.04 sen non-taxable) on 30 August 2019, representing approximately 95% of total distributable income.

For the third quarter ended 30 September 2019, the Manager paid a distribution amounting to RM82.0 million or 2.31 sen per Unit (@ 2.27 sen taxable and 0.04 sen non-taxable) on 29 November 2019, representing approximately 95% of total distributable income.

For the fourth quarter ended 31 December 2019, the Manager made a distribution of 95% of IGB REIT's quarterly distributable income amounting to RM77.6 million or 2.19 sen per Unit (@ 2.15 sen taxable and 0.04 sen non-taxable), to be payable on 28 February 2020 to every unitholder who is entitled to receive such distribution as at 4.00 p.m. on 6 February 2020.

The Board of Directors of the Manager has decided to make a distribution of at least 90% of IGB REIT's distributable income on a quarterly basis for the year ending 31 December 2020 (or such other intervals as the Manager may determine at its absolute discretion).

### **A8 Segmental reporting**

The segmental financial information by operating segments is not presented as IGB REIT is the owner of Mid Valley Megamall and The Gardens Mall both located in Kuala Lumpur, Malaysia, which is considered as one operating segment.

### **A9 Valuation of investment properties**

A valuation on Mid Valley Megamall and The Gardens Mall had been conducted by One Asia Property Consultants (KL) Sdn Bhd (as an independent registered valuer) and based on the valuation reports dated 6 January 2020, the market value of Mid Valley Megamall and The Gardens Mall as at 31 December 2019 remained at RM3.665 billion and RM1.295 billion respectively from previous quarter.

### **A10 Material events subsequent to the end of the interim period**

There were no material events subsequent to the current period-to-date under review up to the date of this Interim Financial Report that required disclosure.

## **IGB Real Estate Investment Trust**

### **A11 Changes in the composition of IGB REIT**

IGB REIT's fund size increased from 3,534.810 million Units as at 31 December 2018 to 3,548.828 million Units as at 31 December 2019 arising from the issuance of new Units as disclosed in Note A6.

### **A12 Contingent liabilities and contingent assets**

There were no material contingent liabilities or contingent assets as at 31 December 2019.

### **A13 Capital commitment**

There were no major capital commitments as at 31 December 2019.

**Part B – Additional Disclosures Pursuant to Paragraph 9.44 of the MMLR**

**B1 Review of performance**

	Quarter			Period-To-Date		
	31.12.2019 RM'000	31.12.2018 RM'000	Variance %	31.12.2019 RM'000	31.12.2018 RM'000	Variance %
Gross revenue	139,614	137,206	1.8%	552,132	535,689	3.1%
Net property income	96,089	96,453	-0.4%	398,786	386,250	3.2%
Profit before taxation	75,257	105,508	-28.7%	315,860	333,753	-5.4%
Profit after taxation	75,257	105,508	-28.7%	315,860	333,753	-5.4%
Total comprehensive income for the period	75,257	105,508	-28.7%	315,860	333,860	-5.4%

**Current quarter results**

For the current quarter, IGB REIT's gross revenue was RM139.6 million, up 1.8% against the corresponding quarter in 2018 of RM137.2 million. This was mainly due to higher rental income in the current quarter.

Net property income was RM96.1 million, down 0.4% compared with the corresponding quarter in 2018 of RM96.5 million. This was mainly due to higher maintenance expenses in the current quarter.

Profit after taxation was RM75.3 million, down 28.7% compared with the corresponding quarter in 2018 of RM105.5 million. This was mainly due to revaluation surplus of RM30.0 million on investment properties in the corresponding quarter in 2018.

The distributable income for the current quarter amounted to RM81.7 million, consisting of realised profit of RM75.3 million and the non-cash adjustments arising mainly from Manager fee payable in Units of RM5.7 million.

**Current period-to-date results**

For the current period-to-date, IGB REIT's gross revenue was RM552.1 million, up 3.1% against the corresponding period-to-date in 2018 of RM535.7 million. This was mainly due to higher rental income in the current period-to-date.

Net property income was RM398.8 million, up 3.2% compared with the corresponding period-to-date in 2018 of RM386.3 million. This was mainly due to higher rental income in the current period-to-date.

Despite the higher gross revenue and higher net property income in the current period-to-date mainly arising from higher rental income, the profit after taxation was RM315.9 million, down 5.4% compared with the corresponding period-to-date in 2018 of RM333.8 million. This was mainly due to revaluation surplus on investment properties of RM30.0 million in the corresponding period-to-date in 2018.

The distributable income for the current period-to-date amounted to RM341.9 million, consisting of realised profit of RM315.9 million and the non-cash adjustments arising mainly from Manager fee payable in units of RM23.1 million.

**B2 Material changes in quarterly results**

	Quarter		
	31.12.2019 RM'000	30.09.2019 RM'000	Variance %
Gross revenue	139,614	136,312	2.4%
Net property income	96,089	100,698	-4.6%
Profit before taxation	75,257	79,796	-5.7%
Profit after taxation	75,257	79,796	-5.7%
Total comprehensive income for the period	75,257	79,796	-5.7%

For the current quarter, IGB REIT’s gross revenue was RM139.6 million, 2.4% higher compared with the immediate preceding quarter of RM136.3 million, mainly due to higher rental income in the current quarter.

Net property income was RM96.1 million, 4.6% lower compared with net property income of RM100.7 million in the preceding quarter, mainly due to higher maintenance expenses in the current quarter.

Profit after taxation was RM75.3 million, 5.7% lower compared with the immediate preceding quarter of RM79.8 million, mainly due to higher maintenance expenses in the current quarter.

**B3 Prospects**

Retail Group Malaysia (“RGM”) has forecast an improved growth in sales for the Malaysian retail industry of 4.6% to RM112.4 billion in 2020. The estimated 3.7% growth for 2019 is lower than the earlier projection of 4.4%. Retail sales rose by 3.9% in 2018.

The year 2020 will remain a challenge for the Malaysian retail industry. Its performance will continue to be adversely affected by slower domestic growth, and limited measures to stimulate consumers' spending in the face of a weakening ringgit. Growing uncertainties and continuing trade disputes have led to a weakening in global expansion with risks tilting to the downside. Worries of an impending world recession add to a decline in consumer confidence and hence, an unwillingness to spend more.

Given the lackluster environment, IGB REIT is determined to continue to push ahead with its Asset Enhancement Initiatives, and bring on creative activities and exclusive events by working with tenants as well as corporate partners, to raise on-ground promotional activities for shoppers and visitors. IGB REIT remains committed to create long-term value for stakeholders, and looks forward to bringing new retail experiences that excite the market.

## **IGB Real Estate Investment Trust**

### **B4 Investment objectives and strategies**

The Manager's key objective for IGB REIT is to provide the unitholders with regular and stable distributions and achieve long term growth in NAV per Unit, while maintaining an appropriate capital structure. The Manager intends to increase the income and the value of the investment properties through active asset management, asset enhancement initiatives, acquisition growth as well as capital and risk management strategies.

### **B5 Portfolio composition**

During the financial period under review, the portfolio of IGB REIT consists of two (2) investment properties, Mid Valley Megamall and The Gardens Mall.

### **B6 Utilisation of proceeds raised from issuance of new Units**

A total of 14.02 million new Units were issued by IGB REIT as payment for Manager fee in the current period-to-date.

### **B7 Taxation**

#### **(i) Taxation of IGB REIT**

IGB REIT is regarded as Malaysian resident for Malaysian income tax purpose since the Trustee is resident in Malaysia. The income of IGB REIT will be taxable at corporate tax rate.

The tax transparency system under Section 61A of the Malaysian Income Tax Act 1967 ('Act') however, exempts IGB REIT from such taxes in a year of assessment ("YA") if IGB REIT distributes at least 90% of its total taxable income in the same YA.

If less than 90% of its total taxable income is distributed in a YA, then the tax transparency system under Section 61A of the Act would not apply and total taxable income of IGB REIT would continue to be taxed. Income which has been taxed at IGB REIT level will have tax credits attached when subsequently distributed to unitholders.

As the Manager has decided to declare more than 90% of the total taxable income of IGB REIT to unitholders for the year ended 31 December 2019, no provision for taxation has been made for the current financial year ended 31 December 2019.

Generally, gains on disposal of investments by IGB REIT are regarded as capital gains and hence, will not be subject to income tax. However, where the investments represent real properties and shares in real property companies, such gains will be subject to real property gains tax ("RPGT").

## IGB Real Estate Investment Trust

### B7 Taxation (continued)

(i) Taxation of IGB REIT (continued)

With effect from 1 January 2019, any gains on disposal of real properties or shares in real property companies would be subject to RPGT at the following rates:-

<b>Disposal time frame</b>	<b>Rates</b>
Disposal within 3 years of acquisition	30%
Disposal in the 4th year of acquisition	20%
Disposal in the 5th year of acquisition	15%
Disposal after 5 years of acquisition	10%

(ii) Taxation of Unitholders

The tax treatment is dependent on whether IGB REIT has distributed 90% or more of its total taxable income.

(a) REIT distributes 90% or more of total taxable income

Where 90% or more of the total taxable income is distributed by IGB REIT, distributions to unitholders will be subject to tax based on a withholding tax mechanism. The current withholding tax rates are as follows:-

<b>Unitholders</b>	<b>Withholding tax rate</b>
Individuals & All Other Non-Corporate Investors such as institutional investors (resident and non-resident)	10%
Non-resident corporate investors	24%
Resident corporate investors	0%

## **IGB Real Estate Investment Trust**

### **B7 Taxation (continued)**

#### **(ii) Taxation of Unitholders (continued)**

##### **(b) REIT distributes less than 90% of total taxable income**

Where less than 90% of the total taxable income is distributed by IGB REIT, then exemption under Section 61A of the Act will not apply and IGB REIT would have to pay taxes on the taxable income for the year. The distributions made by IGB REIT of such taxed income will have tax credits attached. The tax treatment for unitholders would be as follows:-

- Resident individuals will be subject to tax at their own marginal rates on the distributions and be entitled to tax credits representing tax already paid by IGB REIT.
- Resident corporate investors are required to report the distributions from REITs in their normal corporate tax return and bring such income to tax at the normal corporate tax rate. Where tax has been levied at IGB REIT level, the resident corporate investors are entitled to tax credits.
- No further taxes or withholding tax would be applicable to foreign unitholders. Foreign unitholders may be subject to tax in their respective jurisdictions depending on the provisions of their country's tax legislation and the entitlement to any tax credits would be dependent on their home country's tax legislation.

Distributions representing specific exempt income or gains on disposal of investments at IGB REIT level will not be subjected to further income tax when distributed to all unitholders.

### **B8 Status of corporate proposal**

There were no corporate proposals announced but not completed as at the date of this Interim Financial Report.

For Mid Valley Megamall, the application for amalgamation of Lot 80 and Lot 20004 (formerly known as Lot 25), was approved by Pejabat Pengarah Tanah dan Galian Wilayah Persekutuan ("PTGWP") on 27 June 2019 and pending for new title to be issued. The land premium for amalgamation is required to be settled prior to issuance of the new title.

The extended validity period of the consent of the State Authority for the transfer of Mid Valley Megamall in favour of MTrustee Berhad (acting in its capacity as trustee for IGB REIT) expires on 7 January 2021.

## IGB Real Estate Investment Trust

### B9 Borrowings and debt securities

IGB REIT's debts securities as at 31 December 2019 were as follows:-

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Non-current borrowings		
- secured medium term notes	1,199,285	1,199,025
Current borrowings		
- secured medium term notes	14,900	14,900
	<u>1,214,185</u>	<u>1,213,925</u>

All debt securities are denominated in Ringgit Malaysia.

### B10 Material litigation

The Board of Directors of the Manager is not aware of any pending material litigation as at the date of this Interim Financial Report.

### B11 Soft commission received

There was no soft commission received by the Manager and/or its delegates during the current period-to-date.

### B12 Summary of NAV, EPU, DPU and market price

	Unit of measurement	Current quarter ended 31.12.2019	Immediate preceding quarter ended 30.09.2019
Number of Units in issue	'000 units	3,548,828	3,545,840
NAV (after income distribution)	RM'000	3,783,963	3,780,404
NAV per Unit (after income distribution)	RM	1.0663	1.0662
Total comprehensive income	RM'000	75,257	79,796
Weighted average number of Units in issue	'000 units	3,543,283	3,541,732
Earnings per Unit after Manager fee	sen	2.12	2.25
Distributable income	RM'000	81,664	86,352
DPU	sen	2.19	2.31
Closing market price per Unit	RM	1.89	2.04



## IGB Real Estate Investment Trust

### B13 Manager fee

Based on the Deed, the Manager is entitled to receive the following fees from IGB REIT:-

- (i) Base fee of up to 1.0% per annum of total asset value;
- (ii) Performance fee of 5.0% per annum of net property income;
- (iii) Acquisition fee of 1.0% of the transaction value of any real estate and real estate related assets directly or indirectly acquired from time to time by the Trustee; and
- (iv) Divestment fee of 0.5% of the transaction value of any real estate and real estate related assets directly or indirectly sold or divested from time to time by the Trustee.

Total Manager fee for the current period-to-date was RM35,499,000, as follows:-

Type	Quarter	Quarter	Period-To-	Period-To-
	31.12.2019	31.12.2018	Date	Date
	RM'000	RM'000	31.12.2019	31.12.2018
Base fee	3,928	3,897	15,560	15,367
Performance fee	4,804	4,823	19,939	19,313
Total	<u>8,732</u>	<u>8,720</u>	<u>35,499</u>	<u>34,680</u>

For the current period-to-date, 65% of the total Manager fee had been paid and would be payable in Units.

### B14 Trustee fee

Based on the Deed, an annual trustee fee of up to 0.03% per annum of the NAV of IGB REIT would be paid to the Trustee.

### B15 Unitholdings of the Manager and parties related to the Manager

Based on the Register of Unitholders of IGB REIT as at 31 December 2019, the unitholdings of the Manager and parties related to the Manager were as follows:-

Unitholders of IGB REIT	Direct		Indirect	
	No. of Units	%	No. of Units	%
IGB REIT Management Sdn Bhd	148,827,888	4.194	-	-
IGB Berhad	1,733,617,754	48.850	149,373,374	4.209
Dato' Seri Robert Tan Chung Meng	14,739,081	0.415	1,914,157,744	53.938
Pauline Tan Suat Ming	-	-	1,914,157,744	53.938
Tony Tan Choon Keat	1,000,000	0.028	1,914,157,744	53.938
Tan Chin Nam Sendirian Berhad	-	-	1,911,236,534	53.855
Tan Kim Yeow Sendirian Berhad	2,879,665	0.081	1,911,278,079	53.857
Wah Seong (Malaya) Trading Co. Sdn Bhd	27,961,606	0.788	1,882,991,128	53.060

**IGB Real Estate Investment Trust**

**B16 Notes to the Statement of Comprehensive Income**

	<b>Quarter 31.12.2019 RM'000</b>	<b>Quarter 31.12.2018 RM'000</b>	<b>Period-To- Date 31.12.2019 RM'000</b>	<b>Period-To- Date 31.12.2018 RM'000</b>
Depreciation	<b>667</b>	684	<b>2,660</b>	2,737
Reversal of impairment on receivables	<b>(95)</b>	<b>(941)</b>	<b>(211)</b>	<b>(452)</b>

**B17 Responsibility statement**

In the opinion of the Directors of the Manager, this Interim Financial Report has been prepared in accordance with MFRS 134: Interim Financial Reporting, the MMLR and the REIT Guidelines so as to give a true and fair view of the financial position of IGB REIT as at 31 December 2019 and of its financial performance and cash flows for the financial period/year ended on that date and duly authorised for release by the Board of Directors of the Manager on 22 January 2020.