

# **IGB REAL ESTATE INVESTMENT TRUST**

## **Interim Financial Report for the period ended 30 September 2020**

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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	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Gross rental income	95,693	98,958	218,698	300,197
Revenue from contracts with customers	35,056	37,354	99,036	112,321
<b>Gross revenue</b>	<b>130,749</b>	<b>136,312</b>	<b>317,734</b>	<b>412,518</b>
Utilities expenses	(9,351)	(12,279)	(27,263)	(37,458)
Maintenance expenses	(6,318)	(5,629)	(17,042)	(16,555)
Quit rent and assessment	(4,139)	(3,756)	(11,794)	(11,267)
Reimbursement costs	(11,119)	(11,022)	(35,020)	(37,176)
Other operating expenses/upgrades	(1,991)	(2,928)	(3,031)	(7,365)
<b>Property operating expenses</b>	<b>(32,918)</b>	<b>(35,614)</b>	<b>(94,150)</b>	<b>(109,821)</b>
<b>Net property income</b>	<b>97,831</b>	<b>100,698</b>	<b>223,584</b>	<b>302,697</b>
Interest income	1,501	1,850	4,678	5,544
<b>Net investment income</b>	<b>99,332</b>	<b>102,548</b>	<b>228,262</b>	<b>308,241</b>
Manager fee	(8,805)	(8,964)	(22,848)	(26,767)
Trustees' fee	(81)	(80)	(240)	(239)
Other trust expenses	(230)	(334)	(646)	(945)
Finance costs	(13,373)	(13,374)	(39,831)	(39,687)
<b>Profit before taxation</b>	<b>76,843</b>	<b>79,796</b>	<b>164,697</b>	<b>240,603</b>
Taxation	-	-	-	-
<b>Profit after taxation</b>	<b>76,843</b>	<b>79,796</b>	<b>164,697</b>	<b>240,603</b>
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>76,843</b>	<b>79,796</b>	<b>164,697</b>	<b>240,603</b>
Distribution adjustments <sup>*1</sup>	6,467	6,556	17,076	19,587
<b>Distributable income</b>	<b>83,310</b>	<b>86,352</b>	<b>181,773</b>	<b>260,190</b>
<b>Profit for the period comprise the following:</b>				
- Realised	76,843	79,796	164,697	240,603
- Unrealised	-	-	-	-
	<b>76,843</b>	<b>79,796</b>	<b>164,697</b>	<b>240,603</b>
<b>Basic earnings per Unit (sen)</b>				
- before Manager fee	2.41	2.51	5.28	7.55
- after Manager fee	2.16	2.25	4.63	6.79

**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:-

	Quarter		Period-To-Date	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Manager fee payable in Units	5,723	5,827	14,851	17,399
Amortisation of capitalised borrowing costs	65	65	195	195
Depreciation of plant & machinery	679	664	2,030	1,993
<b>Distribution Adjustments</b>	<b>6,467</b>	<b>6,556</b>	<b>17,076</b>	<b>19,587</b>

**Statement of Income Distribution:-**

	Quarter		Period-To-Date	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Gross rental income	95,693	98,958	218,698	300,197
Revenue from contracts with customers	35,056	37,354	99,036	112,321
Interest income	1,501	1,850	4,678	5,544
	<b>132,250</b>	138,162	<b>322,412</b>	418,062
Less: Expenses	<b>(55,407)</b>	(58,366)	<b>(157,715)</b>	(177,459)
Total comprehensive income for the period	<b>76,843</b>	79,796	<b>164,697</b>	240,603
Distribution adjustment	<b>6,467</b>	6,556	<b>17,076</b>	19,587
Distributable income	<b>83,310</b>	86,352	<b>181,773</b>	260,190
Previous period undistributed realised income	<b>7,110</b>	8,663	-	-
Total realised income available for distribution	<b>90,420</b>	95,015	<b>181,773</b>	260,190
Less: Proposed/declared income distribution	<b>(74,851)</b>	(82,006)	<b>(166,204)</b>	(247,181)
Balance undistributed realised income	<b>15,569</b>	13,009	<b>15,569</b>	13,009
Distribution per Unit ("DPU") (sen)	<b>2.11</b>	2.31	<b>4.67</b>	6.97

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 2019 ("AFS FY2019") 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 30.09.2020 RM'000	As at 31.12.2019 RM'000
<b>Non-current assets</b>		
Investment properties	4,960,000	4,960,000
Plant and equipment	3,872	5,655
	4,963,872	4,965,655
<b>Current assets</b>		
Trade and other receivables	42,090	29,787
Cash and bank balances	217,580	225,509
	259,670	255,296
<b>TOTAL ASSET VALUE</b>	<b>5,223,542</b>	<b>5,220,951</b>
<b>FINANCED BY:</b>		
<b>Unitholders' fund</b>		
Unitholders' capital	4,477,287	4,462,484
Accumulated losses	(678,521)	(669,675)
Current year profit	164,697	315,860
Income distribution	(166,204)	(324,706)
<b>Total unitholders' fund</b>	<b>3,797,259</b>	<b>3,783,963</b>
<b>Non-current liabilities</b>		
Borrowings	1,199,480	1,199,285
	1,199,480	1,199,285
<b>Current liabilities</b>		
Borrowings	1,447	14,900
Trade and other payables	225,356	222,803
	226,803	237,703
<b>Total liabilities</b>	<b>1,426,283</b>	<b>1,436,988</b>
<b>TOTAL UNITHOLDERS' FUND AND LIABILITIES</b>	<b>5,223,542</b>	<b>5,220,951</b>
Number of Units in circulation ('000 units)	3,557,112	3,548,828
<b>NET ASSET VALUE ("NAV") (RM'000)</b>		
- Before income distribution	3,963,463	4,108,669
- After income distribution	3,797,259	3,783,963
<b>NAV per Unit (RM)</b>		
- Before income distribution	1.1142	1.1578
- After income distribution	1.0675	1.0663

The unaudited condensed consolidated statement of financial position should be read in conjunction with the AFS FY2019 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 2020</b>	4,462,484	(678,521)	3,783,963
Total comprehensive income for the year	-	164,697	164,697
Income distribution	-	(166,204)	(166,204)
Net total comprehensive loss for the year	-	(1,507)	(1,507)
<b>Unitholders' transactions</b>			
- Issue of new Units	14,803*	-	14,803
Manager fee paid in Units	-	-	-
Increase in net assets resulting from unitholders' transactions	14,803	-	14,803
<b>As at 30 September 2020</b>	<b>4,477,287</b>	<b>(680,028)</b>	<b>3,797,259</b>
<b>As at 1 January 2019</b>	<b>4,436,366</b>	<b>(669,675)</b>	<b>3,766,691</b>
Total comprehensive income for the year	-	240,603	240,603
Income distribution	-	(247,181)	(247,181)
Net total comprehensive loss for the year	-	(6,578)	(6,578)
<b>Unitholders' transactions</b>			
- Issue of new Units	20,291	-	20,291
Manager fee paid in Units	-	-	-
Increase in net assets resulting from unitholders' transactions	20,291	-	20,291
<b>As at 30 September 2019</b>	<b>4,456,657</b>	<b>(676,253)</b>	<b>3,780,404</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 2019	2,987	5,676
- for the financial quarter ended 31 March 2020	3,211	5,394
- for the financial quarter ended 30 June 2020	2,086	3,733
	<b>8,284</b>	<b>14,803*</b>

The unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the AFS FY2019 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 30.09.2020 RM'000</b>	<b>Period-To-Date 30.09.2019 RM'000</b>
<b>Operating activities</b>		
Profit before tax	<b>164,697</b>	240,603
Adjustment for:		
Non-cash items	<b>26,551</b>	28,657
Non-operating items	<b>35,153</b>	34,143
Operating profit before changes in working capital	<b>226,401</b>	303,403
Net change in current assets	<b>(14,425)</b>	(3,689)
Net change in current liabilities	<b>(2,890)</b>	(6,738)
<b>Net cash generated from operating activities</b>	<b>209,086</b>	292,976
<b>Investing activities</b>		
Purchase of plant and equipment	<b>(258)</b>	(211)
Interest received	<b>5,138</b>	5,595
Movement in fixed deposits with maturity of more than 3 months	<b>-</b>	30
Movement in pledged deposit	<b>(571)</b>	(737)
<b>Net cash generated from investing activities</b>	<b>4,309</b>	4,677
<b>Financing activities</b>		
Interest paid	<b>(53,089)</b>	(52,801)
Distribution paid to unitholders	<b>(168,806)</b>	(245,875)
<b>Net cash used in financing activities</b>	<b>(221,895)</b>	(298,676)
<b>Net decrease in cash and cash equivalents</b>	<b>(8,500)</b>	(1,023)
Cash and cash equivalents at beginning of period	<b>197,088</b>	179,632
<b>Cash and cash equivalents at end of period</b>	<b>188,588</b>	178,609
<b>Note:</b>		
<i>Cash and bank balances</i>	<b>217,580</b>	206,807
<i>Less:-</i>		
<i>Pledged deposit</i>	<b>(28,992)</b>	(28,198)
<i>Cash and cash equivalents</i>	<b>188,588</b>	178,609

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the AFS FY2019 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 FY2019 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 FY2019.

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

The auditors’ report for FY2019 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**

Save and except for disclosure in Note A10, 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 2019	2,987	5,676
- for the financial quarter ended 31 March 2020	3,211	5,394
- for the financial quarter ended 30 June 2020	2,086	3,733
	8,284	14,803

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 2020, the Manager paid a distribution amounting to RM69.1 million or 1.94 sen per Unit (@ 1.90 sen taxable and 0.04 sen non-taxable) on 29 May 2020, representing approximately 92.5% of total distributable income.

For the second quarter ended 30 June 2020, the Manager paid a distribution amounting to RM22.3 million or 0.62 sen per Unit (@ 0.59 sen taxable and 0.03 sen non-taxable) on 28 August 2020, representing approximately 92.5% of total distributable income.

For the third quarter ended 30 September 2020, the Manager had approved a distribution of 90% of IGB REIT's quarterly distributable income amounting to RM74.9 million or 2.11 sen per Unit (@ 2.09 sen taxable and 0.02 sen non-taxable), to be payable on 27 November 2020 to every unitholder who is entitled to receive such distribution as at 4.30 p.m. on 10 November 2020.

Subject to IGB REIT's financial position, earnings, funding, capital management requirements and in keeping with the Manager's key objective of providing investors with regular and stable income distribution, 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 1 October 2020, the market value of Mid Valley Megamall and The Gardens Mall as at 30 September 2020 remained at RM3.665 billion and RM1.295 billion respectively from previous quarter.

### **A10 Material events subsequent to the end of the financial year**

Mid Valley Megamall ("MVM") and The Gardens Mall ("TGM") continue to adhere to the government and regulatory directives arising from the Covid-19 pandemic and the resultant Movement Control Orders ("MCOs"). Both retail malls have continued the appropriate and targeted action plans including conditional rental support to eligible tenants, on a case-to-case basis, after taking into consideration, inter-alia, business tolerance, tenant relationship, impact on different category of tenancies, variations in rent structures, risk of tenant sustainability and expected business recovery period, to mitigate the current challenges faced by tenants in MVM and TGM.



**A10 Material events subsequent to the end of the financial year (continued)**

It is expected that the current sluggish economic and business situations would likely have a material adverse impact on IGB REIT's financial results for the financial year ending 31 December 2020. This is mainly due to the rental support programme and potential increase in expected credit losses and possible impairment of fair value for investment properties arising from the Covid-19 pandemic and resultant MCOs. The increasing number of Covid-19 cases arising from the emergence of new clusters since 20 September 2020 impacted the footfall and vehicle traffic volume to the retail malls. Notwithstanding the initial recovery indicators, the Directors of the Manager are monitoring the current economic and business situations closely and take appropriate and timely actions to mitigate the impact on IGB REIT's operations and financial performance.

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

IGB REIT's fund size increased from 3,548.828 million Units as at 31 December 2019 to 3,557.112 million Units as at 30 September 2020 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 30 September 2020.

**A13 Capital commitment**

There were no major capital commitments as at 30 September 2020.

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

**B1 Review of performance**

	Quarter			Period-To-Date		
	30.09.2020	30.09.2019	Variance	30.09.2020	30.09.2019	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	<b>130,749</b>	136,312	-4.1%	<b>317,734</b>	412,518	-23.0%
Net property income	<b>97,831</b>	100,698	-2.8%	<b>223,584</b>	302,697	-26.1%
Profit before taxation	<b>76,843</b>	79,796	-3.7%	<b>164,697</b>	240,603	-31.5%
Profit after taxation	<b>76,843</b>	79,796	-3.7%	<b>164,697</b>	240,603	-31.5%
Total comprehensive income for the period	<b>76,843</b>	79,796	-3.7%	<b>164,697</b>	240,603	-31.5%

**Current quarter results**

For the current quarter, IGB REIT's gross revenue was RM130.7 million, declined 4.1% against the corresponding quarter in 2019 of RM136.3 million. Net property income was RM97.8 million, decreased 2.8% compared with the corresponding quarter in 2019 of RM100.7 million. Profit after taxation was RM76.8 million, dropped 3.7% compared with the corresponding quarter in 2019 of RM79.8 million.

The lower gross revenue, net property income and profit after taxation are mainly due to the lower rental income and lower car park income arising from the Covid-19 pandemic and resultant MCOs. The current sluggish economic and business conditions are expected to result in a material adverse impact on the financial performance for the financial year ending 31 December 2020.

The distributable income for the current quarter amounted to RM83.3 million, consisting of realised profit of RM76.8 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 RM317.7 million, declined 23.0% against the corresponding period-to-date in 2019 of RM412.5 million. Net property income was RM223.6 million, decreased 26.1% compared with the corresponding period-to-date in 2019 of RM302.7 million. Profit after taxation was RM164.7 million, dropped 31.5% compared with the corresponding period-to-date in 2019 of RM240.6 million.

The lower gross revenue, net property income and profit after taxation are mainly due to the rental support provided to tenants and lower car park income arising from the Covid-19 pandemic and resultant MCOs particularly during the immediate preceding quarter.

The distributable income for the current period-to-date amounted to RM181.8 million, consisting of realised profit of RM164.7 million and the non-cash adjustments arising mainly from Manager fee payable in Units of RM14.9 million.

**B2 Material changes in quarterly results**

	Quarter		
	30.09.2020 RM'000	30.06.2020 RM'000	Variance %
Gross revenue	130,749	61,978	111.0%
Net property income	97,831	37,361	161.9%
Profit before taxation	76,843	19,499	294.1%
Profit after taxation	76,843	19,499	294.1%
Total comprehensive income for the period	76,843	19,499	294.1%

For the current quarter, IGB REIT’s gross revenue was RM130.7 million, 111.0% higher compared with the immediate preceding quarter of RM62.0 million. Net property income was RM97.8 million, 161.9% higher compared with net property income of RM37.4 million in the preceding quarter. Profit after taxation was RM76.8 million, 294.1% higher compared with the immediate preceding quarter of RM19.5 million.

The variance in gross revenue, net property income and profit after taxation are mainly due to the rental support provided to tenants and lower car park income arising from the Covid-19 pandemic and resultant MCOs in the immediate preceding quarter.

**B3 Prospects**

Retail Group Malaysia’s (“RGM”) September report on Malaysia’s full-year 2020 retail sales growth forecast has been revised downwards to -9.3% against the performance in 2019, as a consequence of the Covid-19 pandemic and the Movement Control Orders (“MCOs”). Total retail sales for 2020 are expected at RM97.5 billion.

The increasing number of Covid-19 cases arising from the emergence of new clusters, the resumption of loan servicing, rising unemployment and salary cut as well as retail shop closures dampened both the consumer sentiment and business confidence. RGM expects retail sales to contract 2.5% in the fourth quarter of 2020. Despite the grim outlook and the many challenges ahead, IGB REIT is determined to stay resilient throughout the Covid-19 pandemic. It remains committed to bringing about long-term value for its stakeholders.

**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.

## **IGB Real Estate Investment Trust**

### **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 8.28 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 ending 31 December 2020, no provision for taxation has been made for the current financial period ended 30 September 2020.

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%

(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.

## IGB Real Estate Investment Trust

### B7 Taxation (continued)

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

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

- 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

Save and except for the following, 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. The land premium for amalgamation is required to be settled prior to issuance of the new title. Due to the high land premium, a new application for surrender and re-alienation for the amalgamation of Lot 80 and Lot 20004 was re-submitted to PTGWP on 22 June 2020 and is pending approval.

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.

### B9 Borrowings and debt securities

IGB REIT's debts securities were as follows:-

	As at <b>30.09.2020</b> RM'000	As at 30.09.2019 RM'000
Non-current borrowings		
- secured medium term notes	<b>1,199,480</b>	1,199,220
Current borrowings		
- secured medium term notes	<b>1,447</b>	1,591
	<b>1,200,927</b>	1,200,811

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.

## IGB Real Estate Investment Trust

### 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 30.09.2020	Immediate preceding quarter ended 30.06.2020
Number of Units in issue	'000 units	3,557,112	3,555,026
NAV (after income distribution)	RM'000	3,797,259	3,791,534
NAV per Unit (after income distribution)	RM	1.0675	1.0665
Total comprehensive income	RM'000	76,843	19,499
Weighted average number of Units in issue	'000 units	3,553,798	3,552,433
Earnings per Unit after Manager fee	sen	2.16	0.55
Distributable income	RM'000	83,310	23,981
DPU	sen	2.11	0.62
Closing market price per Unit	RM	1.82	1.79

### 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 RM22,848,000, as follows:-

Type	Quarter 30.09.2020 RM'000	Quarter 30.09.2019 RM'000	Period-To-Date 30.09.2020 RM'000	Period-To-Date 30.09.2019 RM'000
Base fee	3,914	3,929	11,669	11,632
Performance fee	4,891	5,035	11,179	15,135
Total	<u>8,805</u>	<u>8,964</u>	<u>22,848</u>	<u>26,767</u>

For the current period-to-date, 65% of the total Manager fee has been paid in Units.

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### 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 30 September 2020, 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	157,111,651	4.417	-	-
IGB Berhad	1,733,617,754	48.737	157,657,137	4.432
Dato' Seri Robert Tan Chung Meng	14,939,081	0.420	1,906,365,008	53.593
Pauline Tan Suat Ming	-	-	1,906,365,008	53.593
Tony Tan Choon Keat	1,000,000	0.028	1,906,365,008	53.593
Tan Chin Nam Sendirian Berhad	9,663,531	0.272	1,892,933,291	53.215
Tan Kim Yeow Sendirian Berhad	14,764,772	0.415	1,891,600,236	53.178
Wah Seong (Malaya) Trading Co. Sdn Bhd	-	-	1,891,274,891	53.169

### B16 Notes to the Statement of Comprehensive Income

	Quarter 30.09.2020 RM'000	Quarter 30.09.2019 RM'000	Period-To- Date 30.09.2020 RM'000	Period-To- Date 30.09.2019 RM'000
Depreciation	679	664	2,030	1,993
(Reversal)/ Allowance for impairment on receivables	2,373	(940)	1,661	(116)

### 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 30 September 2020 and of its financial performance and cash flows for the financial period ended on that date and duly authorised for release by the Board of Directors of the Manager on 26 October 2020.