

# **IGB REAL ESTATE INVESTMENT TRUST**

## **Interim Financial Report for the year ended 31 December 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	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Gross rental income	112,148	101,244	330,846	401,441
Revenue from contracts with customers	35,357	38,370	134,393	150,691
<b>Gross revenue</b>	<b>147,505</b>	<b>139,614</b>	<b>465,239</b>	<b>552,132</b>
Utilities expenses	(8,797)	(12,044)	(36,060)	(49,502)
Maintenance expenses	(6,588)	(9,765)	(23,630)	(26,320)
Quit rent and assessment	(4,138)	(3,757)	(15,932)	(15,024)
Reimbursement costs	(33,018)	(12,881)	(68,038)	(50,057)
Other operating expenses/upgrades	(1,870)	(5,078)	(4,901)	(12,443)
<b>Property operating expenses</b>	<b>(54,411)</b>	<b>(43,525)</b>	<b>(148,561)</b>	<b>(153,346)</b>
<b>Net property income</b>	<b>93,094</b>	<b>96,089</b>	<b>316,678</b>	<b>398,786</b>
Interest income	1,506	1,584	6,184	7,128
<b>Net investment income</b>	<b>94,600</b>	<b>97,673</b>	<b>322,862</b>	<b>405,914</b>
Manager fee	(8,577)	(8,732)	(31,425)	(35,499)
Trustees' fee	(80)	(81)	(320)	(320)
Other trust expenses	(473)	(230)	(1,119)	(1,175)
Finance costs	(13,374)	(13,373)	(53,205)	(53,060)
<b>Profit before taxation</b>	<b>72,096</b>	<b>75,257</b>	<b>236,793</b>	<b>315,860</b>
Taxation	-	-	-	-
<b>Profit after taxation</b>	<b>72,096</b>	<b>75,257</b>	<b>236,793</b>	<b>315,860</b>
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>72,096</b>	<b>75,257</b>	<b>236,793</b>	<b>315,860</b>
Distribution adjustments <sup>*1</sup>	5,968	6,407	23,044	25,994
<b>Distributable income</b>	<b>78,064</b>	<b>81,664</b>	<b>259,837</b>	<b>341,854</b>
<b>Profit for the period comprise the following:</b>				
- Realised	72,096	75,257	236,793	315,860
- Unrealised	-	-	-	-
	<b>72,096</b>	<b>75,257</b>	<b>236,793</b>	<b>315,860</b>
<b>Basic earnings per Unit (sen)</b>				
- before Manager fee	2.27	2.37	7.54	9.92
- after Manager fee	2.03	2.12	6.66	8.91

**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	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Manager fee payable in Units	5,575	5,675	20,426	23,074
Amortisation of capitalised borrowing costs	65	65	260	260
Depreciation of plant & machinery	328	667	2,358	2,660
<b>Distribution Adjustments</b>	<b>5,968</b>	<b>6,407</b>	<b>23,044</b>	<b>25,994</b>

**Statement of Income Distribution:-**

	Quarter		Period-To-Date	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Gross rental income	112,148	101,244	330,846	401,441
Revenue from contracts with customers	35,357	38,370	134,393	150,691
Interest income	1,506	1,584	6,184	7,128
	<b>149,011</b>	<b>141,198</b>	<b>471,423</b>	<b>559,260</b>
Less: Expenses	<b>(76,915)</b>	<b>(65,941)</b>	<b>(234,630)</b>	<b>(243,400)</b>
Total comprehensive income for the period	<b>72,096</b>	<b>75,257</b>	<b>236,793</b>	<b>315,860</b>
Distribution adjustment	<b>5,968</b>	<b>6,407</b>	<b>23,044</b>	<b>25,994</b>
Distributable income	<b>78,064</b>	<b>81,664</b>	<b>259,837</b>	<b>341,854</b>
Previous period undistributed realised income	<b>15,569</b>	<b>13,009</b>	-	-
Total realised income available for distribution	<b>93,633</b>	<b>94,673</b>	<b>259,837</b>	<b>341,854</b>
Less: Proposed/declared income distribution	<b>(74,310)</b>	<b>(77,525)</b>	<b>(240,514)</b>	<b>(324,706)</b>
Balance undistributed realised income	<b>19,323</b>	<b>17,148</b>	<b>19,323</b>	<b>17,148</b>
Distribution per Unit ("DPU") (sen)	<b>2.08</b>	<b>2.19</b>	<b>6.75</b>	<b>9.16</b>

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 31.12.2020 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	3,602	5,655
	<b>4,963,602</b>	<b>4,965,655</b>
<b>Current assets</b>		
Trade and other receivables	35,444	29,787
Cash and bank balances	221,880	225,509
	<b>257,324</b>	<b>255,296</b>
<b>TOTAL ASSET VALUE</b>	<b>5,220,926</b>	<b>5,220,951</b>
<b>FINANCED BY:</b>		
<b>Unitholders' fund</b>		
Unitholders' capital	4,483,011	4,462,484
Accumulated losses	(678,521)	(669,675)
Current year profit	236,793	315,860
Income distribution	(240,514)	(324,706)
<b>Total unitholders' fund</b>	<b>3,800,769</b>	<b>3,783,963</b>
<b>Non-current liabilities</b>		
Borrowings	1,199,545	1,199,285
	<b>1,199,545</b>	<b>1,199,285</b>
<b>Current liabilities</b>		
Borrowings	14,755	14,900
Trade and other payables	205,857	222,803
	<b>220,612</b>	<b>237,703</b>
<b>Total liabilities</b>	<b>1,420,157</b>	<b>1,436,988</b>
<b>TOTAL UNITHOLDERS' FUND AND LIABILITIES</b>	<b>5,220,926</b>	<b>5,220,951</b>
Number of Units in circulation ('000 units)	<b>3,560,560</b>	<b>3,548,828</b>
<b>NET ASSET VALUE ("NAV") (RM'000)</b>		
- Before income distribution	<b>4,041,283</b>	<b>4,108,669</b>
- After income distribution	<b>3,800,769</b>	<b>3,783,963</b>
<b>NAV per Unit (RM)</b>		
- Before income distribution	<b>1.1350</b>	<b>1.1578</b>
- After income distribution	<b>1.0675</b>	<b>1.0663</b>

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	-	236,793	236,793
Income distribution	-	(240,514)	(240,514)
Net total comprehensive loss for the year	-	(3,721)	(3,721)
<b>Unitholders' transactions</b>			
- Issue of new Units	20,527*	-	20,527
Manager fee paid in Units	-	-	-
Increase in net assets resulting from unitholders' transactions	20,527	-	20,527
<b>As at 31 December 2020</b>	<b>4,483,011</b>	<b>(682,242)</b>	<b>3,800,769</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>

**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
- for the financial quarter ended 30 September 2020	3,448	5,724
	<b>11,732</b>	<b>20,527*</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 31.12.2020 RM'000</b>	<b>Period-To-Date 31.12.2019 RM'000</b>
<b>Operating activities</b>		
Profit before tax	236,793	315,860
Adjustment for:		
Non-cash items	58,557	37,963
Non-operating items	47,021	45,932
Operating profit before changes in working capital	342,371	399,755
Net change in current assets	(30,878)	(1,488)
Net change in current liabilities	(24,424)	(5,781)
<b>Net cash generated from operating activities</b>	<b>287,069</b>	<b>392,486</b>
<b>Investing activities</b>		
Purchase of plant and equipment	(316)	(367)
Proceeds from disposal of plant and equipment	6	1
Interest received	6,636	6,919
Movement in fixed deposits with maturity of more than 3 months	-	30
Movement in pledged deposit	(695)	(960)
<b>Net cash generated from investing activities</b>	<b>5,631</b>	<b>5,623</b>
<b>Financing activities</b>		
Interest paid	(53,090)	(52,800)
Distribution paid to unitholders	(243,934)	(327,853)
<b>Net cash used in financing activities</b>	<b>(297,024)</b>	<b>(380,653)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,324)</b>	<b>17,456</b>
Cash and cash equivalents at beginning of period	197,088	179,632
<b>Cash and cash equivalents at end of period</b>	<b>192,764</b>	<b>197,088</b>
<b>Note:</b>		
<i>Cash and bank balances</i>	<i>221,880</i>	<i>225,509</i>
<i>Less:-</i>		
<i>Pledged deposit</i>	<i>(29,116)</i>	<i>(28,421)</i>
<i>Cash and cash equivalents</i>	<i>192,764</i>	<i>197,088</i>

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
- for the financial quarter ended 30 September 2020	3,448	5,724
	11,732	20,527

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 paid a distribution amounting to RM74.9 million or 2.11 sen per Unit (@ 2.09 sen taxable and 0.02 sen non-taxable) on 27 November 2020, representing approximately 90.0% of total distributable income.

For the fourth quarter ended 31 December 2020, the Manager had approved a distribution of 95.0% of IGB REIT's quarterly distributable income amounting to RM74.3 million or 2.08 sen per Unit (@ 2.06 sen taxable and 0.02 sen non-taxable), to be payable on 26 February 2021 to every unitholder who is entitled to receive such distribution as at 4.30 p.m. on 10 February 2021.

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 2021 (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 Henry Butcher Malaysia Sdn Bhd (as an independent registered valuer) and based on the valuation reports dated 7 January 2021, the market value of Mid Valley Megamall and The Gardens Mall as at 31 December 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.



## **IGB Real Estate Investment Trust**

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

The current sluggish economic and business situations have a material adverse impact on IGB REIT's financial results for the financial year ended 31 December 2020. This is mainly due to the rental support programme and increase in expected credit losses arising from the Covid-19 pandemic and resultant MCOs. The increasing number of Covid-19 cases impacted the footfall and vehicle traffic volume to the retail malls. 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 3,560.560 million Units as at 31 December 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 31 December 2020.

### **A13 Capital commitment**

There were no major capital commitments as at 31 December 2020.

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

**B1 Review of performance**

	Quarter			Period-To-Date		
	31.12.2020	31.12.2019	Variance	31.12.2020	31.12.2019	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	147,505	139,614	5.7%	465,239	552,132	-15.7%
Net property income	93,094	96,089	-3.1%	316,678	398,786	-20.6%
Profit before taxation	72,096	75,257	-4.2%	236,793	315,860	-25.0%
Profit after taxation	72,096	75,257	-4.2%	236,793	315,860	-25.0%
Total comprehensive income for the period	72,096	75,257	-4.2%	236,793	315,860	-25.0%

**Current quarter results**

For the current quarter, IGB REIT's gross revenue was RM147.5 million, increased 5.7% against the corresponding quarter in 2019 of RM139.6 million. This was mainly due to the reversal of over-provision for rental support in the current quarter.

Despite the higher gross revenue in the current quarter, the net property income was RM93.1 million, decreased 3.1% compared with the corresponding quarter in 2019 of RM96.1 million, whereas the profit after taxation was RM72.1 million, declined 4.2% compared with the corresponding quarter in 2019 of RM75.3 million. This was mainly due to the higher allowance for impairment of trade receivables in the current quarter.

The distributable income for the current quarter amounted to RM78.1 million, consisting of realised profit of RM72.1 million and the non-cash adjustments arising mainly from Manager fee payable in Units of RM5.6 million.

**Current period-to-date results**

For the current period-to-date, IGB REIT's gross revenue was RM465.2 million, declined 15.7% against the corresponding period-to-date in 2019 of RM552.1 million. Net property income was RM316.7 million, decreased 20.6% compared with the corresponding period-to-date in 2019 of RM398.8 million. Profit after taxation was RM236.8 million, dropped 25.0% compared with the corresponding period-to-date in 2019 of RM315.9 million.

The lower gross revenue, net property income and profit after taxation are mainly due to the rental support provided to tenants, lower car park income and higher allowance for impairment of trade receivables arising from the Covid-19 pandemic and resultant MCOs.

The distributable income for the current period-to-date amounted to RM259.8 million, consisting of realised profit of RM236.8 million and the non-cash adjustments arising mainly from Manager fee payable in Units of RM20.4 million.

**B2 Material changes in quarterly results**

	Quarter		
	31.12.2020 RM'000	30.09.2020 RM'000	Variance %
Gross revenue	147,505	130,749	12.8%
Net property income	93,094	97,831	-4.8%
Profit before taxation	72,096	76,843	-6.2%
Profit after taxation	72,096	76,843	-6.2%
Total comprehensive income for the period	72,096	76,843	-6.2%

For the current quarter, IGB REIT’s gross revenue was RM147.5 million, 12.8% higher compared with the immediate preceding quarter of RM130.7 million. Net property income was RM93.1 million, 4.8% lower compared with net property income of RM97.8 million in the preceding quarter. Profit after taxation was RM72.1 million, 6.2% lower compared with the immediate preceding quarter of RM76.8 million.

The favourable variance in gross revenue is mainly due to the reversal of over-provision for rental support in the current quarter, whereas the unfavourable variance in net property income and profit after taxation are mainly due to the higher allowance for impairment of trade receivables in the current quarter.

**B3 Prospects**

Retail Group Malaysia (RGM) revised the retail industry’s 2020 growth rate from -9.3% to -15.8%. Given continuing uncertainties (including the temporary closures of outlets as well as the latest Movement Control Order (MCO2.0) since January, have made it increasingly difficult for RGM to forecast the performance of the retail industry in 2021. Retailers already suffer from rising cost of doing business, lower sales and weaker cashflows. Furthermore, consumers have lower disposable income in the face of prospects of salary cuts and possibly, retrenchment. Business confidence and consumer sentiment indices have not been encouraging. In the event of a prolonged MCO2.0, cost-cutting measures (such as salary reduction and downsizing) may not be sufficient to sustain the viability of retailers. Pivoting to e-commerce or online platform has yet to provide the required cashflows to cover core operating costs. The outlook for business recovery for the retailers does not look promising. The impact of MCO2.0, including lower shoppers’ footfall, lesser car traffic volume and higher temporary closure of retail shops, will adversely affect the financial performance of retail centres, especially shopping malls. Retail sales in 1Q’21, despite the Chinese New Year festivities being the peak season for shopping, are not expected to perform well. Still, 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 11.73 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 2020, no provision for taxation has been made for the current financial year ended 31 December 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") and pending issuance of new title. Then an application for subdivision into strata titles will be made to PTGWP with the new title. Upon issuance of the strata titles, the transfer of title for Mid Valley Megamall in favour of MTrustee Berhad (acting in its capacity as trustee for IGB REIT) ("Transfer") will be presented to PTGWP for registration. The extended validity period of PTGWP's consent for the Transfer expires on 7 July 2021.

### B9 Borrowings and debt securities

IGB REIT's debts securities were as follows:-

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Non-current borrowings		
- secured medium term notes	1,199,545	1,199,285
Current borrowings		
- secured medium term notes	14,755	14,900
	<u>1,214,300</u>	<u>1,214,185</u>

All debt securities are denominated in Ringgit Malaysia.

## IGB Real Estate Investment Trust

### 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 31.12.2020	Immediate preceding quarter ended 30.09.2020
Number of Units in issue	'000 units	3,560,560	3,557,112
NAV (after income distribution)	RM'000	3,800,769	3,797,259
NAV per Unit (after income distribution)	RM	1.0675	1.0675
Total comprehensive income	RM'000	72,096	76,843
Weighted average number of Units in issue	'000 units	3,555,187	3,553,798
Earnings per Unit after Manager fee	sen	2.03	2.16
Distributable income	RM'000	78,064	83,310
DPU	sen	2.08	2.11
Closing market price per Unit	RM	1.72	1.82

### 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.

**IGB Real Estate Investment Trust****B13 Manager fee (continued)**

Total Manager fee for the current period-to-date was RM31,425,000, as follows:-

Type	Quarter	Quarter	Period-To-	Period-To-
	31.12.2020	31.12.2019	Date	Date
	RM'000	RM'000	RM'000	RM'000
Base fee	3,922	3,928	15,591	15,560
Performance fee	4,655	4,804	15,834	19,939
Total	<u>8,577</u>	<u>8,732</u>	<u>31,425</u>	<u>35,499</u>

For the current period-to-date, 65% of the total Manager fee has been paid 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 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	160,559,534	4.510	-	-
IGB Berhad	1,733,617,754	48.689	161,105,020	4.525
Dato' Seri Robert Tan Chung Meng	14,939,081	0.420	1,909,812,891	53.638
Pauline Tan Suat Ming	-	-	1,909,812,891	53.638
Tony Tan Choon Keat	1,000,000	0.028	1,909,812,891	53.638
Tan Chin Nam Sendirian Berhad	9,663,531	0.271	1,896,381,174	53.261
Tan Kim Yeow Sendirian Berhad	14,764,772	0.415	1,895,048,119	53.223
Wah Seong (Malaya) Trading Co. Sdn Bhd	-	-	1,894,722,774	53.214



**IGB Real Estate Investment Trust**

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

	<b>Quarter</b> <b>31.12.2020</b> <b>RM'000</b>	<b>Quarter</b> <b>31.12.2019</b> <b>RM'000</b>	<b>Period-To-Date</b> <b>31.12.2020</b> <b>RM'000</b>	<b>Period-To-Date</b> <b>31.12.2019</b> <b>RM'000</b>
Depreciation Allowance/ (Reversal) for impairment of trade receivables	<b>328</b>	667	<b>2,358</b>	2,660
	<b>23,108</b>	(95)	<b>24,769</b>	(211)

**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 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 25 January 2021.