

Interim Financial Report for the three months ended 31 December 2022

	Contents	Page
	Condensed Consolidated Statement of Comprehensive Income	1 - 2
	Condensed Consolidated Statement of Financial Position	3
	Condensed Consolidated Statement of Changes in Net Asset Value	4
	Condensed Consolidated Statement of Cash Flows	5
	Disclosures pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134:	
A1	Basis of preparation	6
A2	Auditor’s report	6
A3	Seasonal or cyclical factors	6
A4	Significant unusual items	6
A5	Material changes in estimates	6
A6	Debt and equity securities	6
A7	Income distribution	6
A8	Segmental reporting	7
A9	Valuation of investment properties	7
A10	Material events subsequent to the end of the financial period	7
A11	Changes in composition	7
A12	Contingent liabilities and contingent assets	7
A13	Capital commitment	7
	Disclosures pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad:	
B1	Review of performance	8
B2	Material changes in quarterly results	9
B3	Prospects	9
B4	Investment objectives and strategies	10
B5	Portfolio composition	10
B6	Utilisation of proceeds from raised from issue of new Units	10
B7	Taxation	10
B8	Status of corporate proposal	11
B9	Borrowings and debt securities	12
B10	Material litigation	12
B11	Soft commission received	12
B12	Summary of NAV, EPU, Distributable Income per Unit and market price	12
B13	Manager fee	13
B14	Trustee fee	13
B15	Unit holdings of the Manager and parties related to the Manager	13
B16	Notes to the Statement of Comprehensive Income	14
B17	Responsibility statement	14

Condensed Consolidated Statement of Comprehensive Income

(The figures have not been audited)

	Current Year Quarter 01.10.2022 to 31.12.2022 RM' 000	Preceding Year Quarter 01.10.2021 to 31.12.2021 RM' 000	Current Year-To-Date 01.01.2022 to 31.12.2022 RM' 000	Preceding Period-To-Date 31.03.2021 to 31.12.2021 RM' 000
Lease revenue	30,442	30,044	121,659	34,804
Revenue from contracts with customers	<u>19,001</u>	<u>16,216</u>	<u>68,774</u>	<u>18,563</u>
Gross revenue	49,443	46,260	190,433	53,367
Utilities expenses	<u>(5,106)</u>	<u>(4,271)</u>	<u>(19,476)</u>	<u>(4,829)</u>
Maintenance expenses	<u>(4,940)</u>	<u>(3,956)</u>	<u>(16,707)</u>	<u>(4,544)</u>
Quit rent and assessment	<u>(3,135)</u>	<u>(3,543)</u>	<u>(13,998)</u>	<u>(4,083)</u>
Reimbursement costs and operating expenses	<u>(8,992)</u>	<u>(2,727)</u>	<u>(26,631)</u>	<u>(3,316)</u>
Property operating expenses	(22,173)	(14,497)	(76,812)	(16,772)
Net property income	27,270	31,763	113,621	36,595
Interest income	693	235	2,159	235
Changes in fair value of investment properties	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
Net investment income	27,963	32,498	115,780	37,330
Manager's management fees	<u>(3,837)</u>	<u>(4,077)</u>	<u>(15,484)</u>	<u>(4,669)</u>
Trustee's fees	<u>(117)</u>	<u>(117)</u>	<u>(464)</u>	<u>(135)</u>
Other trust expenses	<u>(71)</u>	<u>(895)</u>	<u>(504)</u>	<u>(984)</u>
Finance costs	<u>(10,616)</u>	<u>(8,232)</u>	<u>(36,259)</u>	<u>(9,531)</u>
Profit before taxation	13,322	19,177	63,069	22,011
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit after taxation	13,322	19,177	63,069	22,011
Other comprehensive income, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	13,322	19,177	63,069	22,011
Distribution adjustments ^{note 1}	<u>3,986</u>	<u>3,796</u>	<u>16,397</u>	<u>4,472</u>
Distributable income	17,308	22,973	79,466	26,483
Profit for the period comprise the following:				
- Realised	13,322	18,677	63,069	21,511
- Unrealised	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
	<u>13,322</u>	<u>19,177</u>	<u>63,069</u>	<u>22,011</u>
Basic earnings per Unit (sen)				
- before Manager fee	<u>0.73</u>	<u>1.01</u>	<u>3.38</u>	<u>1.16</u>
- after Manager fee	<u>0.57</u>	<u>0.83</u>	<u>2.72</u>	<u>0.95</u>

Condensed Consolidated Statement of Comprehensive Income (continued)

(The figures have not been audited)

Note 1:

The composition of distribution adjustments is as follows:

	Current Year Quarter 01.10.2022 to 31.12.2022 RM' 000	Preceding Year Quarter 01.10.2021 to 31.12.2021 RM' 000	Current Year-To-Date 01.01.2022 to 31.12.2022 RM' 000	Preceding Period-To-Date 31.03.2021 to 31.12.2021 RM' 000
Managers' management fees payable in units	3,837	4,077	15,484	4,669
Amortisation of capitalised borrowing costs	149	219	913	303
Changes in fair value of investment properties	-	(500)	-	(500)
Distribution adjustments	3,986	3,796	16,397	4,472
Statement of Income Distribution				
Lease revenue	30,442	30,044	121,659	34,804
Revenue from contract with customers	19,001	16,216	68,774	18,563
Interest income	693	235	2,159	235
	50,136	46,495	192,592	53,602
Changes in fair value of investment properties	-	500	-	500
Less: expenses	(36,814)	(27,818)	(129,523)	(32,091)
Total comprehensive income for the period	13,322	19,177	63,069	22,011
Distribution adjustment	3,986	3,796	16,397	4,472
Total realised income available for distribution	17,308	22,973	79,466	26,483
Less: proposed/declared income distribution	(17,308)	(22,973)	(79,466)	(26,483)
Balance undistributed realised income	-	-	-	-
Distribution per unit (sen)	1.49	1.15	3.42	1.15

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 period from date of establishment on 31 March 2021 to 31 December 2021 ("AFS FY2021") and the accompanying notes attached to this Interim Financial Report.

Condensed Consolidated Statement of Financial Position

(The figures have not been audited)

	As at 31.12.2022	As at 31.12.2021 (Audited)
	RM' 000	RM' 000
Non-current assets		
Investment properties	3,161,000	3,161,000
Other receivables	-	16
Cash and bank balances	22,085	15,887
	<u>3,183,085</u>	<u>3,176,903</u>
Current assets		
Trade and other receivables	3,909	4,847
Cash and bank balances	96,879	93,454
	<u>100,788</u>	<u>98,301</u>
TOTAL ASSET	<u>3,283,873</u>	<u>3,275,204</u>
Financed by:		
Unitholders' fund		
Unitholders' capital	2,318,740	2,303,017
Accumulated losses	(21,077)	(4,472)
Total Unitholders' fund	<u>2,297,663</u>	<u>2,298,545</u>
Non-current liabilities		
Borrowings	847,791	847,196
Current liabilities		
Borrowings	4,867	4,235
Trade and other payables	133,552	125,228
	<u>138,419</u>	<u>129,463</u>
Total liabilities	<u>986,210</u>	<u>976,659</u>
Total Unitholders' fund and liabilities	<u>3,283,873</u>	<u>3,275,204</u>
Number of units in circulation ('000 units)	<u>2,334,867</u>	<u>2,308,198</u>
Net Asset Value ("NAV") (RM '000)		
- before income distribution	2,377,337	2,325,028
- after income distribution	<u>2,297,663</u>	<u>2,298,545</u>
NAV per Unit (RM)		
- before income distribution	1.0182	1.0073
- after income distribution	<u>0.9841</u>	<u>0.9958</u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the AFS FY2021 and the accompanying notes attached to this Interim Financial Report.

Condensed Consolidated Statement of Changes in Net Asset Value

(The figures have not been audited)

	Unitholders' Capital RM '000	Accumulated Losses RM '000	Total Unitholders' Fund RM '000
As at 01 January 2022	2,303,017	(4,472)	2,298,545
Total comprehensive income for the year	-	63,069	63,069
Income distribution	-	(79,674)	(79,674)
Net total comprehensive income for the year	-	(16,605)	(16,605)
Unitholders' transactions			
Manager's management fees paid in Units	15,723	-	15,723
Increase in net assets resulting from Unitholders' transactions	15,723	-	15,723
As at 31 December 2022	2,318,740	(21,077)	2,297,663
As at 31 March 2021	-	-	-
Total comprehensive income for the period	-	22,011	22,011
Income distribution	-	(26,483)	(26,483)
Net total comprehensive profit for the period	-	(4,472)	(4,472)
Unitholders' transactions			
Issue of new Units	2,307,300	-	2,307,300
Transaction costs	(4,875)	-	(4,875)
Manager's management fees paid in Units	592	-	592
Increase in net assets resulting from Unitholders' transactions	2,303,017	-	2,303,017
As at 31 December 2021	2,303,017	(4,472)	2,298,545

Note: Issuance of new Units were as follows:

	Units '000	Amount RM '000
Manager's management fees paid in Units were as follows:		
- for the financial quarter ended		
31 December 2021	6,574	4,076
31 March 2022	6,390	3,930
30 June 2022	6,923	3,953
30 September 2022	6,782	3,764
Total	26,669	15,723

The unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the AFS FY2021 and the accompanying notes attached to this Interim Financial Report.

Condensed Consolidated Statement of Cash Flows

(The figures have not been audited)

	Year Ended 31.12.2022 RM '000	Period from 31.3.2021 to 31.12.2021 RM '000
Operating Activities		
Profit before tax	63,069	22,011
Adjustment for:		
Non-cash items	15,723	4,169
Non-operating items	34,100	9,296
Operating profit before changes in working capital	112,892	35,476
Net change in current assets	807	(4,683)
Net change in current liabilities	(165)	86,333
Net cash generated from operating activities	113,534	117,126
Investing Activities		
Acquisition of investment properties	-	(853,200)
Movement in pledged deposits	(6,198)	(15,887)
Interest received	2,627	56
Net cash used in investing activities	(3,571)	(869,031)
Financing Activities		
Drawdown of borrowings	-	853,200
Interest paid	(35,056)	(7,841)
Income distribution paid to Unitholders	(71,482)	-
Net cash (used in)/generated from financing activities	(106,538)	845,359
Net increase in cash and cash equivalents	3,425	93,454
Cash and cash equivalents at 01 January 2022	93,454	-
Cash and cash equivalents at 31 December 2022	96,879	93,454
Note:		
Cash and bank balances	118,964	109,341
Less: Pledged deposits	(22,085)	(15,887)
Cash and cash equivalents	96,879	93,454

Non-cash transactions:

The principal non-cash transaction was the issuance of 26,669,686 Units to the Manager as payment for management fee amounting to RM15,723,164.

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the AFS FY2021 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 Main Market Listing Requirements 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 FY2021 and the accompanying notes attached.

A2 Auditors’ report of preceding financial statements

The Auditor’s Report for FY2021 was not subject to any audit qualification.

A3 Seasonal or cyclical factors

IGB Commercial 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	Units '000	Amount RM '000
As at 31 December 2021	2,308,198	2,303,017
Manager fee paid for the financial quarter ended 31 December 2021	6,574	4,076
Manager fee paid for the financial quarter ended 31 March 2022	6,390	3,930
Manager fee paid for the financial quarter ended 30 June 2022	6,923	3,953
Manager fee paid for the financial quarter ended 30 September 2022	6,782	3,764
As at 31 December 2022	<u>2,334,867</u>	<u>2,318,740</u>

Save for the above, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period-to-date.

A7 Income distribution

It is the intention of the Manager to distribute at least 90% of IGB Commercial REIT’s distributable income on a half-yearly basis or such other intervals as the Manager may determine as its absolute discretion.

For the period 1 January 2022 to 30 June 2022, the Manager approved a distribution of 100.0% of IGB Commercial REIT’s half-yearly distributable income amounting to RM44.93 million or 1.93 sen per Unit (1.89 sen taxable and 0.04 sen non-taxable) which was paid on 29 August 2022.

A7 Income distribution (continued)

For the period 1 July 2022 to 31 December 2022, the Manager has approved a distribution of 100.0% of IGB Commercial REIT's half-yearly distributable income amounting to RM34.68 million or 1.49 sen per Unit (1.46 sen taxable and 0.03 sen non-taxable) payable on 27 February 2023 to every Unitholder who is entitled to receive such distribution as at 5.00 p.m. on 8 February 2023.

A8 Segmental reporting

The segmental financial information by operating segments is not presented as IGB Commercial REIT is the owner of The Mid Valley City Properties (comprising of seven properties ie. Menara IGB & IGB Annexe, Centrepoint South, Centrepoint North, The Gardens South Tower, The Gardens North Tower, Boulevard Properties and Southpoint Properties) and The KL Properties (comprising of three properties ie. Menara Tan & Tan, GTower and Hampshire Place Office), all located in Kuala Lumpur, Malaysia, which is considered as one operating segment.

A9 Valuation of investment properties

A valuation has been conducted by Henry Butcher Malaysia Sdn Bhd (as the independent professional registered valuer) and based on the valuation reports dated 3 January 2023, the market valuation of the investment properties as at 31 December 2022 were as follows:

Investment Property	Market Valuation	Market Valuation	Fair value
	31.12.2022 RM '000	31.12.2021 RM '000	gain/(losses) RM '000
1 Menara IGB & IGB Annexe	189,000	189,000	-
2 Centrepoint South	193,000	192,000	1,000
3 Centrepoint North	196,000	196,000	-
4 The Gardens South Tower	396,000	394,000	2,000
5 The Gardens North Tower	386,000	386,000	-
6 Southpoint Properties	572,000	572,000	-
7 Boulevard Offices, Blocks 25 & 27	80,000	80,000	-
8 Menara Tan & Tan	248,000	240,000	8,000
9 GTower	723,000	733,000	(10,000)
10 Hampshire Place Office	178,000	179,000	(1,000)
TOTAL	3,161,000	3,161,000	-

A10 Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the current financial period up to the date of this Interim Financial Report.

A11 Changes in the composition of IGB Commercial REIT

IGB Commercial REIT's fund size increased to 2,334,867,251 Units as at 31 December 2022 from 2,308,197,565 Units as at 31 December 2021 arising from the issue 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 2022.

A13 Capital commitment

There were no major capital commitments as at 31 December 2022.

Part B – Additional Disclosures Pursuant to Paragraph 9.44 of the MMLR
B1 Review of performance

	Current Year Quarter 01.10.2022 to 31.12.2022 RM' 000	Preceding Year Quarter 01.10.2021 to 31.12.2021 RM' 000	Current Year-To-Date 01.01.2022 to 31.12.2022 RM' 000	Preceding Period-To-Date 31.03.2021 to 31.12.2021 RM' 000
Gross revenue	49,443	46,260	190,433	53,367
Net Property Income	27,270	31,763	113,621	36,595
Profit before taxation	13,322	19,177	63,069	22,011
Profit after taxation	13,322	19,177	63,069	22,011
Total comprehensive income for the period	13,322	19,177	63,069	22,011
Distributable Income	<u>17,308</u>	<u>22,973</u>	<u>79,466</u>	<u>26,483</u>

Current year quarter results

For the three months to 31 December 2022, gross revenue was RM49.4 million increased by 7% compared with the corresponding quarter in 2021 of RM46.3 million. Net property income was RM27.3 million, decreased by 14% compared with the corresponding quarter in 2021 of RM31.8 million.

Profit after taxation was RM13.3 million, dropped by 30% compared with the corresponding quarter in 2021 of RM19.2 million

The revenue increase was due to higher occupancy rate 77.5% (4Q2021 71.6%), which mitigated the higher property operating expenses of RM22.2 million (4Q2021: RM14.5 million) and higher finance cost of RM10.6 million (4Q2021: RM8.2million).

The distributable income for the three months to 31 December 2022 amounted to RM17.3 million, consisting of realised profit of RM13.3 million and non-cash adjustments of RM4.0 million.

Current year-to-date results

For the financial year ended 31 December 2022, gross revenue was RM190.4 million and net property income and RM113.6 million respectively. Profit after taxation was RM63.1 million.

The distributable income for financial year ended 31 December 2022 amounted to RM79.5 million, consisting of realised profit of RM63.1 million and non-cash adjustments of RM16.4 million.

Current year-to-date results are not comparable with preceding period-to-date results as the preceding period-to-date results were for one hundred and six days from 17 September 2021 (date of completion of acquisition of properties) to 31 December 2021.

Occupancy Rate and Average Rental Rate of the investment properties were as follows:

Investment Property	Occupancy Rate		Average Rental Rate	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	%	%	RM per sq.ft.	RM per sq.ft.
MVC Properties	84.7%	76.2%	6.54	6.48
KL Properties	65.8%	64.1%	5.59	5.95
TOTAL	<u>77.5%</u>	<u>71.6%</u>	<u>6.18</u>	<u>6.27</u>

B2 Material changes in quarterly results

	Current Quarter 4Q2022 RM' 000	Preceding Quarter 3Q2022 RM' 000	Variance %
Gross revenue	49,443	45,482	9%
Net Property Income	27,270	25,842	6%
Profit before taxation	13,322	13,359	0%
Profit after taxation	13,322	13,359	0%
Total comprehensive income for the period	13,322	13,359	0%
Distributable Income	<u>17,308</u>	<u>17,367</u>	<u>0%</u>

Gross revenue for the current quarter was RM49.4 million, 9% higher when compared with the immediate preceding quarter of RM45.5 million due to higher occupancy rate of 77.5% as at 31.12.2022 compared with 74.9%. as at 30.09.2022.

Profit before taxation for the current quarter was RM13.3 million, slightly lower when compared with the immediate preceding quarter of RM13.4 million due to higher property operating expenses of RM22.2 million (3Q2022: RM19.6 million) and higher finance cost of RM10.6 million (3Q2022: RM9.1million).

B3 Prospects

With the increasing business prospects underlined by the continued expansion in domestic demand, a firm recovery in the labour market, and resilience in external demand, the Department of Statistics Malaysia (DOSM) reported that the country's economy remains on track. [\(The Edge Markets, 30 November 2022\)](#). With business confidence picking up, there was a slight improvement in the office sector's overall performance and the Klang Valley's overall occupancy was stable in 4Q2022. The average occupancy rates in Kuala Lumpur (KL) City improved to 65.8% (3Q2022: 63.1%). Similarly, the occupational rates in KL Fringe were also slightly higher at 84.7% in 4Q2022 (3Q2022:82.1%). [\(The Edge/Knight Frank Kuala Lumpur and Selangor Office Monitor \(3Q2022\)\)](#).

However, due to the high office supply forecast in 2H2022 and 2023, the current and incoming supply for office space will continue to surpass the total demand for office space. This is further intensified by the resumption of construction activities to delayed building projects due to improved labour market conditions and ongoing policy support, which will undoubtedly heighten the competition in Kuala Lumpur's office market. This in turn results in a persistent imbalance between supply and demand in the KL office market. This situation is anticipated to put additional pressure on rental rates and occupancy rates of office buildings.

To remain relevant in this competitive market, building specifications and enhancement must be reviewed from time to time, with security, safety, comfort, and crisis preparedness to be on the priority list. More actively than before, IGB Commercial REIT remains committed to improving the attributes of its property portfolio, with focus on the environment, social, and governance (ESG) initiatives without neglecting building functionality. Relentlessly, IGB Commercial REIT is constantly driving engagements with tenants to create meaningful relationships that go beyond the brick-and-mortar elements. As a result, the average occupancy rate of IGB Commercial REIT's ten buildings has increased from 76.31% in September 2022 to 77.5% as at 31 December 2022, with rent reversions anticipated to remain relatively flat, and rental support for entitled tenants is expected to be low.

While it is evident that there is improvement in the overall performance of the office sector and tenant movements are more active, the outlook of the office market in the near term remains volatile as there is an imbalance in the office supply-demand dynamics coupled with the fierce competition. Bracing these challenges, IGB Commercial REIT will continue to demonstrate strong commitment and strengthen our business strategies to further drive occupancies and retain existing tenants, delivering lasting results for all stakeholders.

B4 Investment objectives and strategies

The Manager’s key objective for IGB Commercial REIT is to provide Unitholders with regular and stable distributions, sustainable long-term Unit price and Distributable Income and capital growth, while maintaining an appropriate capital structure.

The Manager intends to achieve the investment objectives by having a pro-active asset management and asset enhancement strategy, seeking potential yield accretive investments, seeking acquisitions that may enhance the diversification of the portfolio by location and tenant profile and adopting an appropriate mix of debt and equity to finance acquisitions.

B5 Portfolio composition

During the financial period under review, the portfolio of IGB Commercial REIT consists of ten (10) investment properties as listed in Note A9 above.

B6 Utilisation of proceeds raised from issuance of new Units

There were no issuance of new Units other than as disclosed in Note A6.

B7 Taxation

(i) Taxation of IGB Commercial REIT (“IGBCR”)

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

The tax transparency system under Section 61A of the Malaysian Income Tax Act 1967 (‘Act’) however, exempts IGBCR from such taxes in a year of assessment (“YA”) if IGBCR 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 IGBCR would continue to be taxed. Income which has been taxed at IGBCR level will have tax credits attached when subsequently distributed to unitholders.

As the Manager has decided to declare 100% of the total distributable income of IGBCR which is more than 90% of its total taxable income to unitholders for the year ended 31 December 2022, no provision for taxation has been made for the current financial period ended 31 December 2022.

Generally, gains on disposal of investments by IGBCR 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”).

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:

Disposal time frame	Rates
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%

B7 Taxation (continued)

(ii) Taxation of Unitholders

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

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

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

Unitholders	Withholding tax rate
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) IGBCR distributes less than 90% of total taxable income

Where less than 90% of the total taxable income is distributed by IGBCR, then exemption under Section 61A of the Act will not apply and IGBCR would have to pay taxes on the taxable income for the year. The distributions made by IGBCR 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 IGBCR.
- 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 IGBCR 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 IGBCR 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.

B9 Borrowings and debt securities

IGB Commercial REIT's debt securities as at 31 December 2022 were as follows:

	As at 31.12.2022 RM '000	As at 31.12.2021 RM '000
Non-current borrowings		
- secured un-rated Medium Term Notes	847,791	847,196
Current borrowings		
- secured un-rated Medium Term Notes	1,629	1,324
- revolving credit	3,238	2,911
	<u>852,658</u>	<u>851,431</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, Distributable Income per Unit and market price

	Unit of measurement	Current quarter ended 31.12.2022	Immediate preceding quarter ended 30.9.2022
Number of Units in issue	'000	2,334,867	2,328,085
Weighted average number of Units in issue	'000	2,322,701	2,319,267
NAV after income distribution ^{Note}	RM '000	2,297,663	2,315,252
Total comprehensive income	RM '000	13,322	13,359
Distributable Income	RM '000	17,308	17,367
Earnings per Unit after Manager fee	sen	0.57	0.57
Distributable Income per Unit	sen	0.74	0.74
NAV per Unit (after income distribution) ^{Note}	RM	0.984	0.994
Closing market price per Unit	RM	<u>0.545</u>	<u>0.555</u>

B13 Manager fees

Based on the Deed, the Manager is entitled to receive the following fees from IGB Commercial 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 was RM3,837,000:

	Current Year Quarter 01.10.2022 to 31.12.2022 RM' 000	Preceding Year Quarter 01.10.2021 to 31.12.2021 RM' 000	Current Year-To-Date 01.01.2022 to 31.12.2022 RM' 000	Preceding Year-To-Date 31.03.2021 to 31.12.2021 RM' 000
Base fee	2,474	2,488	9,803	2,839
Performance fee	1,363	1,589	5,681	1,830
TOTAL	3,837	4,077	15,484	4,669

For the current period, 100% of the total Manager fee will be 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 Commercial REIT would be paid to the Trustee.

B15 Unit holdings of the Manager and parties related to the Manager

Based on the Register of Unitholders of IGB Commercial REIT as at 31 December 2022, the Unit holdings of the Manager and parties related to the Manager were as follows:

	Direct No. of Units	%	Indirect No. of Units	%
IGB Berhad	1,199,890,022	51.390%	27,567,251	1.181%
IGB REIT Management Sdn Bhd	27,567,251	1.181%	-	-
Dato' Seri Robert Tan Chung Meng	5,330,424	0.228%	1,497,271,479	64.127%
Tan Chin Nam Sendirian Berhad	147,990,532	6.338%	1,498,314,592	64.171%
Tan Kim Yeow Sendirian Berhad	67,735,407	2.901%	1,429,536,072	61.226%
Wah Seong (Malaya) Trading Co. Sdn Bhd	174,080,712	7.456%	1,255,455,360	53.770%
Pauline Tan Suat Ming	4,227,385	0.181%	1,497,271,479	64.127%
Tony Tan Choon Keat	-	-	1,497,271,479	64.127%

B16 Notes to the Statement of Comprehensive Income

	Current Year Quarter 01.10.2022 to 31.12.2022 RM' 000	Preceding Year Quarter 01.10.2021 to 31.12.2021 RM' 000	Current Year-To-Date 01.01.2022 to 31.12.2022 RM' 000	Preceding Period-To-Date 31.03.2021 to 31.12.2021 RM' 000
Depreciation	-	-	-	-
Allowance for impairment on receivables	66	-	66	-

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 Commercial REIT as at 31 December 2022 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 19 January 2023.