

## Interim Financial Report for the three months ended 31 March 2023

	<b>Contents</b>	<b>Page</b>
	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 raised from the 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 31.3.2023 RM' 000	Preceding Year Quarter 31.3.2022 RM' 000	Current Year-To-Date 31.3.2023 RM' 000	Preceding Year-To-Date 31.3.2022 RM' 000
Lease revenue	32,411	30,902	32,411	30,902
Revenue from contracts with customers	19,951	16,264	19,951	16,264
<b>Gross revenue</b>	<b>52,362</b>	<b>47,166</b>	<b>52,362</b>	<b>47,166</b>
Utilities expenses	(5,823)	(4,142)	(5,823)	(4,142)
Maintenance expenses	(4,051)	(3,966)	(4,051)	(3,966)
Quit rent and assessment	(3,523)	(3,664)	(3,523)	(3,664)
Reimbursement costs and operating expenses	(6,574)	(4,969)	(6,574)	(4,969)
<b>Property operating expenses</b>	<b>(19,971)</b>	<b>(16,741)</b>	<b>(19,971)</b>	<b>(16,741)</b>
<b>Net property income</b>	<b>32,391</b>	<b>30,425</b>	<b>32,391</b>	<b>30,425</b>
Interest income	733	385	733	385
Changes in fair value of investment properties	-	-	-	-
<b>Net investment income</b>	<b>33,124</b>	<b>30,810</b>	<b>33,124</b>	<b>30,810</b>
Manager's management fees	(4,038)	(3,930)	(4,038)	(3,930)
Trustee's fees	(114)	(114)	(114)	(114)
Other trust expenses	(78)	(284)	(78)	(284)
Finance costs	(11,487)	(8,185)	(11,487)	(8,185)
<b>Profit before taxation</b>	<b>17,407</b>	<b>18,297</b>	<b>17,407</b>	<b>18,297</b>
Taxation	-	-	-	-
<b>Profit after taxation</b>	<b>17,407</b>	<b>18,297</b>	<b>17,407</b>	<b>18,297</b>
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>17,407</b>	<b>18,297</b>	<b>17,407</b>	<b>18,297</b>
Distribution adjustments <sup>note 1</sup>	4,187	4,189	4,187	4,189
<b>Distributable income</b>	<b>21,594</b>	<b>22,486</b>	<b>21,594</b>	<b>22,486</b>
<b>Profit for the period comprise the following:</b>				
- Realised	17,407	24,486	17,407	24,486
- Unrealised	-	-	-	-
	<b>17,407</b>	<b>24,486</b>	<b>17,407</b>	<b>24,486</b>
<b>Basic earnings per Unit (sen)</b>				
- before Manager fee	0.92	0.96	0.92	0.96
- after Manager fee	0.74	0.79	0.74	0.79

## Condensed Consolidated Statement of Comprehensive Income (continued)

(The figures have not been audited)

### Note 1:

The composition of distribution adjustments is as follows:

	<b>Current Year Quarter 31.3.2023 RM' 000</b>	Preceding Year Quarter 31.3.2022 RM' 000	<b>Current Year-To-Date 31.3.2023 RM' 000</b>	Preceding Year-To-Date 31.3.2022 RM' 000
Managers' management fees payable in units	<b>4,038</b>	3,930	<b>4,038</b>	3,930
Amortisation of capitalised borrowing costs	<b>149</b>	259	<b>149</b>	259
Changes in fair value of investment properties	-	-	-	-
<b>Distribution adjustments</b>	<b>4,187</b>	4,189	<b>4,187</b>	4,189
<b>Statement of Income Distribution</b>				
Lease revenue	<b>32,411</b>	30,902	<b>32,411</b>	30,902
Revenue from contract with customers	<b>19,951</b>	16,264	<b>19,951</b>	16,264
Interest income	<b>733</b>	385	<b>733</b>	385
	<b>53,095</b>	47,551	<b>53,095</b>	47,551
Changes in fair value of investment properties	-	-	-	-
Less: expenses	<b>(35,688)</b>	(29,254)	<b>(35,688)</b>	(29,254)
Total comprehensive income for the period	<b>17,407</b>	18,297	<b>17,407</b>	18,297
Distribution adjustment	<b>4,187</b>	4,189	<b>4,187</b>	4,189
Total realised income available for distribution	<b>21,594</b>	22,486	<b>21,594</b>	22,486
Less: proposed/declared income distribution	-	-	-	-
Balance undistributed realised income	<b>21,594</b>	22,486	<b>21,594</b>	22,486
<b>Distribution per unit (sen)</b>	<b>0.92</b>	0.97	<b>0.92</b>	0.97

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 year ended 31 December 2022 (“AFS FY2022”) and the accompanying notes attached to this Interim Financial Report.

## Condensed Consolidated Statement of Financial Position

(The figures have not been audited)

	As at 31.3.2023  RM' 000	As at 31.12.2022 (Audited) RM' 000
<b>Non-current assets</b>		
Investment properties	<u>3,161,000</u>	<u>3,161,000</u>
<b>Current assets</b>		
Trade and other receivables	7,392	3,910
Cash and bank balances	<u>102,050</u>	<u>118,963</u>
	<u>109,442</u>	<u>122,873</u>
<b>TOTAL ASSET</b>	<u>3,270,442</u>	<u>3,283,873</u>
<b>Financed by:</b>		
<b>Unitholders' fund</b>		
Unitholders' capital	2,322,577	2,318,740
Accumulated losses	<u>(3,882)</u>	<u>(21,077)</u>
<b>Total Unitholders' fund</b>	<u>2,318,695</u>	<u>2,297,663</u>
<b>Non-current liabilities</b>		
Borrowings	<u>847,940</u>	<u>847,791</u>
<b>Current liabilities</b>		
Borrowings	5,086	4,868
Trade and other payables	<u>98,721</u>	<u>133,551</u>
	<u>103,807</u>	<u>138,419</u>
<b>Total liabilities</b>	<u>951,747</u>	<u>986,210</u>
<b>Total Unitholders' fund and liabilities</b>	<u>3,270,442</u>	<u>3,283,873</u>
Net Asset Value ("NAV") (RM '000)		
- before income distribution	<u>2,318,907</u>	<u>2,377,337</u>
- after income distribution <sup>Note</sup>	<u>2,318,695</u>	<u>2,297,663</u>
Number of units in circulation ('000 units)	<u>2,341,528</u>	<u>2,334,867</u>
NAV per Unit (RM)		
- before income distribution	<u>0.9903</u>	<u>1.0182</u>
- after income distribution <sup>Note</sup>	<u>0.9902</u>	<u>0.9841</u>

Note: No income distribution for this quarter as Distributable Income is payable on a half-yearly basis.

The unaudited condensed consolidated statement of financial position should be read in conjunction with the AFS FY2022 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)

	<b>Unitholders' Capital RM '000</b>	<b>Accumulated Losses RM '000</b>	<b>Total Unitholders' Fund RM '000</b>
<b>As at 1 January 2023</b>	<b>2,318,740</b>	<b>(21,077)</b>	<b>2,297,663</b>
Total comprehensive income for the period	-	17,407	17,407
Income distribution	-	(212)	(212)
Net total comprehensive income for the period	-	17,195	17,195
Unitholders' transactions			
Manager's management fees paid in Units	3,837	-	3,837
Increase in net assets resulting from Unitholders' transactions	3,837	-	3,837
<b>As at 31 March 2023</b>	<b>2,322,577</b>	<b>(3,882)</b>	<b>2,318,695</b>
As at 1 January 2022	2,303,017	(4,472)	2,298,545
Total comprehensive income for the period	-	18,297	18,297
Income distribution	-	(66)	(66)
Net total comprehensive income for the period	-	18,231	18,231
Unitholders' transactions			
Manager's management fees paid in Units	4,076	-	4,076
Increase in net assets resulting from Unitholders' transactions	4,076	-	4,076
As at 31 March 2023	2,307,093	13,759	2,320,852

Note: Issuance of new Units were as follows:

	<b>Units '000</b>	<b>Amount RM '000</b>
Manager's management fees paid in Units were as follows:		
- for the financial quarter ended		
31 December 2022	6,661	3,837
Total	6,661	3,837

The unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the AFS FY2022 and the accompanying notes attached to this Interim Financial Report.

## Condensed Consolidated Statement of Cash Flows

*(The figures have not been audited)*

	<b>Year-to-date 31.03.2023 RM '000</b>	<b>Year-to-date 31.03.2022 RM '000</b>
<b>Operating Activities</b>		
Profit before tax	17,407	18,297
Adjustment for:		
Non-cash items	4,038	3,930
Non-operating items	10,754	7,801
Operating profit before changes in working capital	<u>32,199</u>	<u>30,028</u>
Net change in current assets	(3,501)	(3,877)
Net change in current liabilities	(513)	(5,126)
<b>Net cash generated from operating activities</b>	<u><b>28,185</b></u>	<u><b>21,025</b></u>
<b>Investing Activities</b>		
Interest received	910	586
Movement in pledged deposits	-	15,887
<b>Net cash generated from investing activities</b>	<u><b>910</b></u>	<u><b>16,473</b></u>
<b>Financing Activities</b>		
Interest paid	(11,119)	(7,991)
Income distribution paid to Unitholders	(34,889)	(26,551)
<b>Net cash used in financing activities</b>	<u><b>(46,008)</b></u>	<u><b>(34,542)</b></u>
<b>Net decrease in cash and cash equivalents</b>	<b>(16,913)</b>	2,956
Cash and cash equivalents at beginning of the period	<u><b>118,963</b></u>	<u>93,454</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u><b>102,050</b></u></u>	<u><u>96,410</u></u>

Non-cash transactions:

The principal non-cash transaction was the issuance of 6,661,476 Units to the Manager as payment for management fee amounting to RM3,837,010.

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the AFS FY2022 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 FY2022 and the accompanying notes attached.

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

The Auditor’s Report for FY2022 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**

	<b>Units</b>	<b>Amount</b>
	<b>'000</b>	<b>RM '000</b>
Issue of new Units		
As at 1 January 2023	<b>2,334,867</b>	<b>2,318,740</b>
Manager fee paid for the financial quarter ended 31 December 2022	<b>6,661</b>	<b>3,837</b>
As at 31 March 2023	<b>2,341,528</b>	<b>2,322,577</b>

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 at its absolute discretion.

The Manager has decided to distribute the distribution income on a half yearly basis for the financial year 2023 and as such there will be no distribution for the current quarter ended 31 March 2023.

For the period 1 July 2022 to 31 December 2022, the approved 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) was paid on 27 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 Offices and Retail and Southpoint Offices and Retail) and The KL Properties (comprising of three properties ie. Menara Tan & Tan, GTower and Hampshire Place Office), all of which are 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 April 2023, the market valuation of the investment properties as at 31 March 2023 were as follows:

<b>Investment Property</b>	<b>Market Valuation 31.03.2023 RM '000</b>	<b>Market Valuation 31.12.2022 RM '000</b>	<b>Fair value gain/(losses) RM '000</b>
1 Menara IGB & IGB Annexe	<b>189,000</b>	189,000	-
2 Centrepoint South	<b>193,000</b>	193,000	-
3 Centrepoint North	<b>196,000</b>	196,000	-
4 The Gardens South Tower	<b>396,000</b>	396,000	-
5 The Gardens North Tower	<b>386,000</b>	386,000	-
6 Southpoint Offices & Retail	<b>572,000</b>	572,000	-
7 Boulevard Offices & Retail, Blocks 25 & 27	<b>80,000</b>	80,000	-
8 Menara Tan & Tan	<b>248,000</b>	248,000	-
9 GTower	<b>723,000</b>	723,000	-
10 Hampshire Place Office	<b>178,000</b>	178,000	-
<b>TOTAL</b>	<b><u>3,161,000</u></b>	<u>3,161,000</u>	<u>-</u>

## 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 2,341,528,727 Units as at 31 March 2023 from 2,334,867,251 Units as at 31 March 2022 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 March 2023.

## A13 Capital commitment

There were no major capital commitments as at 31 March 2023.



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

	<b>Current Year Quarter 31.03.2023 RM' 000</b>	<b>Preceding Year Quarter 31.03.2022 RM' 000</b>	<b>Current Year-To-Date 31.03.2023 RM' 000</b>	<b>Preceding Year-To-Date 31.03.2022 RM' 000</b>
Gross revenue	<b>52,362</b>	47,166	<b>52,362</b>	47,166
Net Property Income	<b>32,391</b>	30,425	<b>32,391</b>	30,425
Profit before taxation	<b>17,407</b>	18,297	<b>17,407</b>	18,297
Profit after taxation	<b>17,407</b>	18,297	<b>17,407</b>	18,297
Total comprehensive income for the period	<b>17,407</b>	18,297	<b>17,407</b>	18,297
Distributable Income	<b>21,594</b>	22,486	<b>21,594</b>	22,486

For the current quarter, gross revenue was RM52.4 million increased by 11% compared with the corresponding quarter in 2022 of RM47.2 million. Net property income was RM32.4 million, increased by 6% compared with the corresponding quarter in 2022 of RM30.4 million.

Profit after taxation was RM17.4 million, reduced by 5% compared with the corresponding quarter in 2022 of RM18.3 million

The increased in revenue was due to the higher occupancy rate of 79.4% (1Q2022 70.6%). However, profit after tax is lower as a result of the higher property operating expenses of RM20.0 million (1Q2022: RM16.7 million) and higher finance cost of RM11.5 million (1Q2022: RM8.2 million).

The distributable income for the current quarter amounted to RM21.6 million, consisting of realised profit of RM17.4 million and non-cash adjustments of RM4.2 million.

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

<b>Investment Property</b>	<b>Occupancy Rate</b>		<b>Average Rental Rate</b>	
	<b>31.03.2023</b>	31.03.2022	<b>31.03.2023</b>	31.03.2022
	%	%	<b>RM per sq.ft.</b>	RM per sq.ft.
MVC Properties	<b>86.5%</b>	76.1%	<b>6.58</b>	6.55
KL Properties	<b>67.9%</b>	61.6%	<b>5.57</b>	5.91
<b>TOTAL</b>	<b>79.4%</b>	70.6%	<b>6.20</b>	6.31

## B2 Material changes in quarterly results

	<b>Current Quarter</b> <b>31.03.2023</b> <b>RM' 000</b>	Preceding Quarter 31.12.2022 RM' 000	Variance %
Gross revenue	<b>52,362</b>	49,443	6%
Net Property Income	<b>32,391</b>	27,270	19%
Profit before taxation	<b>17,407</b>	13,322	31%
Profit after taxation	<b>17,407</b>	13,322	31%
Total comprehensive income for the period	<b>17,407</b>	13,322	31%
Distributable Income	<b>21,594</b>	17,308	25%

Gross revenue for the current quarter was RM52.4 million, 6% higher when compared with the immediate preceding quarter of RM49.4 million due to a higher occupancy rate of 79.4% as at 31.03.2023 compared with 77.5% as at 31.12.2022.

Profit before taxation for the current quarter was RM17.4 million, 31% higher when compared with the immediate preceding quarter of RM13.3 million mainly due to higher revenue for the current quarter.

## B3 Prospects

In 2023, the Malaysian economy will continue to rely on domestic demand, (particularly private sector spending), as the anchor of growth. Bank Negara Malaysia has projected that most economic sectors will experience a more moderate pace of expansion due to the expectation of slower global growth and the normalisation of high growth rates recorded in the previous year. However, business-related services are expected to remain supportive of growth, albeit at a slower pace, in line with the continued expansion in construction activity and external demand.

The outlook for the office market in the Klang Valley remains challenging in the medium term due to the looming supply and lack of major catalysts to boost office demand. Despite these challenges, the overall occupancy rate of purpose-built office space in Kuala Lumpur (KL) City has slightly improved to record 67.5% during 2H2022 compared with 67.2% in 1H2022. In contrast, occupational demand in KL Fringe remained low but resilient at 86.1% (1H2022:86.8%). ([The Edge | Knight Frank Kuala Lumpur and Selangor office Monitor \(4Q2022\)](#))

While there will be more incoming office supply in 2023 and 2024, co-working services, consumer staples, and healthcare-related businesses, should provide some support to the absorption and occupancy rates in the mid-term. These entities, real estate needs and options are likely to consolidate their portfolios or acquire and expand.

Flight-to-quality remains prevalent, with multinational companies still seeking to set up their operations in Grade A buildings and green-rated buildings due to the increasing awareness and prominence of different aspects of environmental, social, and governance (ESG) factors. Green-rated buildings are becoming increasingly important as organisations seek to meet their sustainability goals. Corporate landlords are aware of these requirements and are making efforts (along with tenants), to help meet their goals. In this competitive market, IGB Commercial REIT remains committed to finding the right balance between cost, efficiency, and quality. It will continue to prioritise asset enhancement initiatives, tenant engagements, and quality services to remain relevant to the ever-changing needs and expectations of tenants.

These endeavours have yielded some positive results, with the average occupancy rate of IGB Commercial REIT's ten buildings having increased from 77.5% as at 31 December 2022 to 79.4% as at 31 March 2023. Rental reversions are 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 IGB Commercial REIT's portfolio, and tenant enquiries are more active, the outlook of the office market in the near term remains challenging. Cost containment efforts need to double up as energy costs have gone up and the threat of higher interest expense is always of major concern. To overcome these headwinds, IGB Commercial REIT will continue to work on strengthening its business strategies to attract new tenants and retain existing tenants, and to address efficiency concerns so that costs can be mitigated to realise the objective of delivering long-term value 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 the 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 a Malaysian resident for Malaysian income tax purposes 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 the 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 more than 90% of the total taxable income of IGBCR to unitholders for the year ending 31 December 2023, no provision for taxation has been made for the current year-to-date.

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:

<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%

## 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:

	<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) 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 March 2023 were as follows:

	As at 31.03.2023 RM '000	As at 31.12.2022 RM '000
Non-current borrowings		
- secured un-rated Medium Term Notes	847,940	847,791
Current borrowings		
- secured un-rated Medium Term Notes	1,879	1,629
- revolving credit	3,207	3,239
	<u>853,026</u>	<u>852,659</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 31.03.2023	Immediate preceding quarter ended 31.12.2022
Number of Units in issue	'000	2,341,528	2,334,867
Weighted average number of Units in issue	'000	2,339,604	2,322,701
NAV after income distribution <sup>Note</sup>	RM '000	2,318,695	2,297,663
Total comprehensive income	RM '000	17,407	13,322
Distributable Income	RM '000	21,594	17,308
Distributable Income per Unit	sen	0.92	0.74
Earnings per Unit after Manager fee	sen	0.74	0.57
NAV per Unit (after income distribution) <sup>Note</sup>	RM	0.990	0.984
Closing market price per Unit	RM	<u>0.515</u>	<u>0.545</u>

*Note: No income distribution for this quarter as Distributable Income is payable on a half-yearly basis.*

### 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 RM4,038,000:

	<b>Current Year Quarter 31.03.2023 RM' 000</b>	<b>Preceding Year Quarter 31.03.2022 RM' 000</b>	<b>Current Year-To-Date 31.03.2023 RM' 000</b>	<b>Preceding Year-To-Date 31.03.2022 RM' 000</b>
Base fee	2,418	2,409	2,418	2,409
Performance fee	1,620	1,521	1,620	1,521
<b>TOTAL</b>	<b>4,038</b>	<b>3,930</b>	<b>4,038</b>	<b>3,930</b>

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 March 2023, the Unit holdings of the Manager and parties related to the Manager were as follows:

	<b>Direct No. of Units</b>	<b>%</b>	<b>Indirect No. of Units</b>	<b>%</b>
IGB Berhad	1,199,890,022	51.244%	34,228,727	1.462%
IGB REIT Management Sdn Bhd	34,228,727	1.462%	-	-
Dato' Seri Robert Tan Chung Meng	5,330,424	0.228%	1,503,932,955	64.229%
Tan Chin Nam Sendirian Berhad	128,570,346	5.491%	1,504,976,068	64.273%
Tan Kim Yeow Sendirian Berhad	67,735,407	2.893%	1,436,197,548	61.336%
Wah Seong (Malaya) Trading Co. Sdn Bhd	174,080,712	7.434%	1,262,116,836	53.901%
Pauline Tan Suat Ming	4,227,385	0.181%	1,503,932,955	64.229%
Tony Tan Choon Keat	-	-	1,503,932,955	64.229%

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

	<b>Current Year Quarter 31.03.2023 RM' 000</b>	<b>Preceding Year Quarter 31.03.2022 RM' 000</b>	<b>Current Year-To-Date 31.03.2023 RM' 000</b>	<b>Preceding Period-To-Date 31.03.2022 RM' 000</b>
Depreciation	-	-	-	-
Allowance for impairment on receivables	<b>34</b>	-	<b>34</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 Commercial REIT as at 31 March 2023 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 27 April 2023.