

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Interim Financial Report for the three months ended 30 June 2023

	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 raised from the issue of new Units	10
B7	Taxation	10
B8	Status of corporate proposal	12
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

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Condensed Consolidated Statement of Comprehensive Income

(The figures have not been audited)

	Current Year	Preceding Year	Current	Preceding
	Quarter	Quarter	Year-To-Date	Year-To-Date
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM' 000	RM' 000	RM' 000	RM' 000
Lease revenue	32,759	32,113	65,170	63,015
Revenue from contracts with customers	<u>20,194</u>	<u>16,229</u>	<u>40,145</u>	<u>32,493</u>
Gross revenue	52,953	48,342	105,315	95,508
Utilities expenses	(7,101)	(4,956)	(12,924)	(9,098)
Maintenance expenses	(4,262)	(3,683)	(8,313)	(7,649)
Quit rent and assessment	(3,523)	(3,663)	(7,046)	(7,327)
Reimbursement costs and operating expenses	(6,961)	(5,956)	(13,535)	(10,925)
Property operating expenses	(21,847)	(18,258)	(41,818)	(34,999)
Net property income	31,106	30,084	63,497	60,509
Interest income	793	487	1,526	872
Changes in fair value of investment properties	-	-	-	-
Net investment income	31,899	30,571	65,023	61,381
Manager's management fees	(4,008)	(3,953)	(8,046)	(7,883)
Trustee's fees	(116)	(117)	(230)	(231)
Other trust expenses	(113)	(93)	(191)	(377)
Finance costs	(11,569)	(8,317)	(23,056)	(16,502)
Profit before taxation	16,093	18,091	33,500	36,388
Taxation	-	-	-	-
Profit after taxation	16,093	18,091	33,500	36,388
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	16,093	18,091	33,500	36,388
Distribution adjustments ^{note 1}	<u>4,157</u>	<u>4,214</u>	<u>8,344</u>	<u>8,403</u>
Distributable income	20,250	22,305	41,844	44,791
Profit for the period comprise the following:				
- Realised	16,093	18,091	33,500	36,388
- Unrealised	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	16,093	18,091	33,500	36,388
Basic earnings per Unit (sen)				
- before Manager fee	<u>0.85</u>	<u>0.95</u>	<u>1.77</u>	<u>1.91</u>
- after Manager fee	0.69	0.78	1.43	1.57

IGB COMMERCIAL 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:

	Current Year Quarter 30.6.2023 RM' 000	Preceding Year Quarter 30.6.2022 RM' 000	Current Year-To-Date 30.6.2023 RM' 000	Preceding Year-To-Date 30.6.2022 RM' 000
Managers' management fees payable in units	4,008	3,953	8,046	7,883
Amortisation of capitalised borrowing costs	149	261	298	520
Changes in fair value of investment properties	-	-	-	-
Distribution adjustments	4,157	4,214	8,344	8,403
Statement of Income Distribution				
Lease revenue	32,759	32,113	65,170	63,015
Revenue from contract with customers	20,194	16,229	40,145	32,493
Interest income	793	487	1,526	872
	53,746	48,829	106,841	96,380
Changes in fair value of investment properties	-	-	-	-
Less: expenses	(37,653)	(30,738)	(73,341)	(59,992)
Total comprehensive income for the period	16,093	18,091	33,500	36,388
Distribution adjustment	4,157	4,214	8,344	8,403
Distribution income	20,250	22,305	41,844	44,791
Previous period undistributed realised income	21,594	22,486	-	-
Total realised income available for distribution	41,844	44,791	41,844	44,791
Less: proposed/declared income distribution	(41,018)	(44,791)	(41,018)	(44,791)
Balance undistributed realised income	826	-	826	-
Distribution per unit (sen)	1.74	1.93	1.74	1.93

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.

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Condensed Consolidated Statement of Financial Position
(The figures have not been audited)

	As at 30.6.2023 RM' 000	As at 31.12.2022 <i>(Audited)</i> RM' 000
Non-current assets		
Investment properties	<u>3,161,000</u>	<u>3,161,000</u>
Current assets		
Trade and other receivables	5,985	3,910
Cash and bank balances	<u>128,055</u>	<u>118,963</u>
	<u>134,040</u>	<u>122,873</u>
TOTAL ASSET	<u>3,295,040</u>	<u>3,283,873</u>
Financed by:		
Unitholders' fund		
Unitholders' capital	2,326,615	2,318,740
Accumulated losses	<u>(28,808)</u>	<u>(21,077)</u>
Total Unitholders' fund	<u>2,297,807</u>	<u>2,297,663</u>
Non-current liabilities		
Borrowings	<u>848,089</u>	<u>847,791</u>
Current liabilities		
Borrowings	4,700	4,868
Trade and other payables	<u>144,444</u>	<u>133,551</u>
	<u>149,144</u>	<u>138,419</u>
Total liabilities	<u>997,233</u>	<u>986,210</u>
Total Unitholders' fund and liabilities	<u>3,295,040</u>	<u>3,283,873</u>
 Net Asset Value ("NAV") (RM '000)		
- before income distribution	<u>2,339,038</u>	<u>2,377,337</u>
- after income distribution	<u>2,297,807</u>	<u>2,297,663</u>
 Number of units in circulation ('000 units)	<u>2,349,446</u>	<u>2,334,867</u>
 NAV per Unit (RM)		
- before income distribution	<u>0.9956</u>	<u>1.0182</u>
- after income distribution	<u>0.9780</u>	<u>0.9841</u>

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.

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
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 1 January 2023	2,318,740	(21,077)	2,297,663
Total comprehensive income for the period	-	33,500	33,500
Income distribution	-	(41,231)	(41,231)
Net total comprehensive income for the period	-	(7,731)	(7,731)
Unitholders' transactions			
Manager's management fees paid in Units	7,875	-	7,875
Increase in net assets resulting from Unitholders' transactions	7,875	-	7,875
As at 30 June 2023	2,326,615	(28,808)	2,297,807
As at 1 January 2022	2,303,017	(4,472)	2,298,545
Total comprehensive income for the period	-	36,388	36,388
Income distribution	-	(44,857)	(44,857)
Net total comprehensive income for the period	-	(8,469)	(8,469)
Unitholders' transactions			
Manager's management fees paid in Units	8,006	-	8,006
Increase in net assets resulting from Unitholders' transactions	8,006	-	8,006
As at 30 June 2022	2,311,023	(12,941)	2,298,082

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 2022	6,661	3,837
31 March 2023	7,918	4,038
Total	14,579	7,875

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.

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Condensed Consolidated Statement of Cash Flows

(The figures have not been audited)

	30.6.2023	30.6.2022
	RM '000	RM '000
Operating Activities		
Profit before tax	33,500	36,388
Adjustment for:		
Non-cash items	8,046	3,930
Non-operating items	21,530	15,630
Operating profit before changes in working capital	63,076	55,948
Net change in current assets	(1,960)	(42)
Net change in current liabilities	4,057	(171)
Net cash generated from operating activities	65,173	55,735
Investing Activities		
Interest received	1,734	1,122
Movement in pledged deposits	-	15,887
Net cash generated from investing activities	1,734	17,009
Financing Activities		
Interest paid	(22,926)	(16,016)
Income distribution paid to Unitholders	(34,889)	(26,550)
Net cash used in financing activities	(57,815)	(42,566)
Net decrease in cash and cash equivalents	9,092	30,178
Cash and cash equivalents at beginning of the period	118,963	93,454
Cash and cash equivalents at end of the period	128,055	123,632

Non-cash transactions:

The principal non-cash transaction was the issuance of 14,579,172 Units to the Manager as payment for management fee amounting to RM7,875,035.

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.

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
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 Real Estate Investment Trust (“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

	Units	Amount
	'000	RM '000
Issue of new Units		
As at 1 January 2023	2,334,867	2,318,740
Manager fee paid in unit		
- for the financial quarter ended 31 December 2022	6,661	3,837
- for the financial quarter ended 31 March 2023	7,918	4,038
As at 30 June 2023	<u>2,349,446</u>	<u>2,326,615</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 at its absolute discretion.

For the period 1 January 2023 to 30 June 2023, the Manager has approved a distribution of 97.5% of IGB Commercial REIT’s half-yearly distributable income amounting to RM41.0 million or 1.74 sen per Unit (1.70 sen taxable and 0.04 sen non-taxable) payable on 29 August 2023 to every Unitholder who is entitled to receive such distribution as at 5.00 p.m. on 9 August 2023.

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Part A – Disclosure Requirements Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134
(continued)

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 30 June 2023, the market valuation of the investment properties as at 30 June 2023 were as follows:

Investment Property	Market Valuation 30.6.2023 RM '000	Market Valuation 31.3.2023 RM '000	Fair value gain/(losses) RM '000
1 Menara IGB & IGB Annexe	189,000	189,000	-
2 Centrepoint South	193,000	193,000	-
3 Centrepoint North	196,000	196,000	-
4 The Gardens South Tower	396,000	396,000	-
5 The Gardens North Tower	386,000	386,000	-
6 Southpoint Offices & Retail	572,000	572,000	-
7 Boulevard Offices & Retail, Blocks 25 & 27	80,000	80,000	-
8 Menara Tan & Tan	248,000	248,000	-
9 GTower	723,000	723,000	-
10 Hampshire Place Office	178,000	178,000	-
TOTAL	<u>3,161,000</u>	<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 2,349,446,423 Units as at 30 June 2023 from 2,334,867,251 Units as at 30 June 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 30 June 2023.

A13 Capital commitment

There were no major capital commitments as at 30 June 2023.

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Part B – Additional Disclosures Pursuant to Paragraph 9.44 of the MMLR

B1 Review of performance

	Current Year Quarter 30.6.2023 RM' 000	Preceding Year Quarter 30.6.2022 RM' 000	Current Year-To-Date 30.6.2023 RM' 000	Preceding Year-To-Date 30.6.2022 RM' 000
Gross revenue	52,953	48,342	105,315	95,508
Net Property Income	31,106	30,084	63,497	60,509
Profit before taxation	16,093	18,091	33,500	36,388
Profit after taxation	16,093	18,091	33,500	36,388
Total comprehensive income for the period	16,093	18,091	33,500	36,388

Current year quarter results

For the current quarter, gross revenue was RM53.0 million increased by 10% compared with the corresponding quarter in 2022 of RM48.3 million. Net property income was RM31.1 million, increased by 3% compared with the corresponding quarter in 2022 of RM30.1 million. Profit after taxation was RM16.1 million, reduced by 11% compared with the corresponding quarter in 2022 of RM18.1 million.

The increased in revenue was due to the higher occupancy rate of 78.9% (2Q2022: 71.4%). However, profit after tax is lower as a result of the higher property operating expenses of RM21.8 million (2Q2022: RM18.3 million) and higher finance cost of RM11.6 million (2Q2022: RM8.3 million).

The distributable income for the current quarter amounted to RM20.3 million, consisting of realised profit of RM16.1 million and non-cash adjustments of RM4.2 million.

Current year-to-date results

For the six months to 30 June 2023, gross revenue RM105.3 million increased by 10% compared with the corresponding year-to-date in 2022 of RM95.5 million. Net property income was RM63.5 million increased by 5% compared with corresponding year-to-date in 2022 of RM60.5 million. Profit after taxation was RM33.5 million reduced by 8% compared with the corresponding year-to-date in 2022 of RM36.4 million.

The increased in revenue was due to the higher occupancy rate of 78.9% (2Q2022: 71.4%). However, profit after tax is lower as a result of the higher property operating expenses of RM41.8 million (2Q2022: RM35.0 million) and higher finance cost of RM23.1 million (2Q2022: RM16.5 million).

The distributable income for the six months to 30 June 2023 amounted to RM41.8 million, consisting of realised profit of RM33.5 million and non-cash adjustments of RM8.3 million.

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

Investment Property	Occupancy Rate		Average Rental Rate	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	%	%	RM per sq.ft.	RM per sq.ft.
MVC Properties	87.3%	77.6%	6.59	6.56
KL Properties	65.3%	61.2%	5.63	5.87
TOTAL	78.9%	71.4%	6.23	6.30

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Part B – Additional Disclosures Pursuant to Paragraph 9.44 of the MMLR (continued)

B2 Material changes in quarterly results

	Current Quarter 30.6.2023 RM' 000	Preceding Quarter 31.3.2023 RM' 000	Variance %
Gross revenue	52,953	52,362	1%
Net Property Income	31,106	32,391	-4%
Profit before taxation	16,093	17,407	-8%
Profit after taxation	16,093	17,407	-8%
Total comprehensive income for the period	16,093	17,407	-8%

Gross revenue for the current quarter was RM53.0 million, 1% higher when compared with the immediate preceding quarter of RM52.4 million due to a higher other rental related income.

Profit before taxation for the current quarter was RM16.1 million, dropped by 8% when compared with the immediate preceding quarter of RM17.4 million mainly due to higher utilities expenses for the current quarter.

B3 Prospects

According to Bank Negara Malaysia (“BNM”), the global economy continues to be weighed down by elevated cost pressures and higher interest rates. To address persistent inflation, BNM raised the Overnight Policy Rate (“OPR”) to 3% from 2.75% on 3 May 2023, with the aim of normalizing monetary accommodation. Despite the challenges of sustained elevated inflation, rising interest rates, and a decelerating global economy, growth in 2023 will be driven by domestic demand. This is supported by improved labour market conditions, as unemployment steadily decreases to pre-pandemic levels.

Amid the downside risks, two main drivers, namely environmental, sustainable and governance (“ESG”) as well as mergers and acquisition (“M&A”) activities, were the forces behind the increased real estate market activity (JLL Property Services). As ESG becomes a focal point in corporate strategies, it is crucial for corporate real estate portfolios to incorporate a mix of core and flexible spaces, upgrade facilities to provide modern amenities, and align with ESG objectives. This shift is necessary to meet the evolving demands and aspirations related to sustainability and responsible business practices.

In a highly competitive market, IGB Commercial REIT continues to manage its occupancy rate at a sustainable level. This is achieved through the offering of attractive incentives to agents, ensuring their ongoing relevance in the market. Furthermore, the prioritization of asset enhancement initiatives (“AEI”) caters to the evolving needs of the tenants. As part of this commitment, IGB Commercial REIT has installed five new lifts in GTower, which have been fully operational since 10 June 2023. Additionally, a strong emphasis is placed on enhancing the tenants' experience through various marketing initiatives that provide exclusive privileges to both new and existing tenants. By implementing these strategies, IGB Commercial REIT successfully navigates the challenging business landscape and capitalizes on emerging opportunities in the industry.

Despite strong competition in the market, the average occupancy rate of IGB Commercial REIT's seven buildings in Mid Valley City experienced a slight increase from 86.5% in March 2023 to 87.4% as of June 2023. However, there was a decline in the average occupancy rate of the three buildings located in Kuala Lumpur City Centre, which dropped from 67.9% in March 2023 to 65.1% as of June 2023. Consequently, these fluctuations have had an impact on the overall average occupancy rate of IGB Commercial REIT's ten buildings, resulting in a slight decrease from 79.4% in March 2023 to 78.9% as of 30 June 2023. Rental reversions are anticipated to remain relatively flat, and rental aid for entitled tenants is expected to be low.

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Part B – Additional Disclosures Pursuant to Paragraph 9.44 of the MMLR (continued)

B3 Prospects (continued)

The recent announcement of a reduced electricity surcharge rate for non-domestic users with medium voltage (“MV”) and high voltage (“HV”), from 20 sen/kWh to 17 sen/kWh, effective 1 July 2023, is expected to have a positive impact. This timely incentive will help eliminate significant overhead costs for all buildings. The savings generated from this reduction can be allocated to other areas or invested in energy-efficient solutions. This outcome will not only reduce overall energy consumption but also enable IGB Commercial REIT to implement continuous measures relating to the safety, health, and wellness of the occupants. About the same time, at its meeting on 6 July 2023, the Monetary Policy Committee (“MPC”) of BNM decided to maintain the OPR at 3.00 percent. This move has reduced the concern for increased financial burden for the REIT, moving forward.

IGB Commercial REIT's commitment to adaptability and responsible growth within the dynamic office market is evident. By striking the right balance between cost, efficiency, and quality, a strong foundation is built to strengthen portfolios and enhance the value proposition for tenants and stakeholders. These efforts position IGB Commercial REIT for continued competitiveness, delivery of sustainable value, and the ability to capitalize on emerging opportunities in the evolving industry landscape.

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.

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

IGB Commercial REIT is regarded as a Malaysian resident for Malaysian income tax purposes since the Trustee is resident in Malaysia. The income of IGB Commercial 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 Commercial REIT from such taxes in a year of assessment (“YA”) if IGB Commercial 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 the total taxable income of IGB Commercial REIT would continue to be taxed. Income which has been taxed at IGB Commercial REIT level will have tax credits attached when subsequently distributed to unitholders.

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Part B – Additional Disclosures Pursuant to Paragraph 9.44 of the MMLR (continued)

B7 Taxation (continued)

(i) Taxation of IGB Commercial REIT (continued)

As the Manager has decided to declare more than 90% of the total taxable income of IGB Commercial REIT 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 IGB Commercial 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”).

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%

(ii) Taxation of Unitholders

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

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

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

	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) IGB Commercial REIT distributes less than 90% of total taxable income

Where less than 90% of the total taxable income is distributed by IGB Commercial REIT, then exemption under Section 61A of the Act will not apply and IGB Commercial REIT would have to pay taxes on the taxable income for the year. The distributions made by IGB Commercial 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 Commercial 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 Commercial REIT level, the resident corporate investors are entitled to tax credits.
- No further taxes or withholding tax would be applicable to foreign unitholders. Foreign unitholders may be subject to tax in their respective jurisdictions depending on the provisions of their country’s tax legislation and the entitlement to any tax credits would be dependent on their home country’s tax legislation.

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

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Part B – Additional Disclosures Pursuant to Paragraph 9.44 of the MMLR (continued)

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 30 June 2023 were as follows:

	As at 30.6.2023 RM '000	As at 31.12.2022 RM '000
Non-current borrowings		
- secured un-rated Medium Term Notes	848,089	847,791
Current borrowings		
- secured un-rated Medium Term Notes	1,456	1,629
- revolving credit	3,244	3,239
	<u>852,789</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 30.6.2023	Immediate preceding quarter ended 31.3.2023
Number of Units in issue	'000 units	2,349,446	2,341,528
Weighted average number of Units in issue	'000 units	2,343,065	2,339,604
NAV after income distribution	RM '000	2,297,807	2,318,695
Total comprehensive income	RM '000	16,093	17,407
Distributable Income	RM '000	20,250	21,594
Distributable Income per Unit	sen	0.84	0.92
Earnings per Unit after Manager fee	sen	0.69	0.74
NAV per Unit (after income distribution)	RM	0.978	0.990
Closing market price per Unit	RM	<u>0.505</u>	<u>0.515</u>

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Part B – Additional Disclosures Pursuant to Paragraph 9.44 of the MMLR (continued)

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 RM8,046,000:

	Current Year Quarter 30.6.2023 RM' 000	Preceding Year Quarter 30.6.2022 RM' 000	Current Year-To-Date 30.6.2023 RM' 000	Preceding Year-To-Date 30.6.2022 RM' 000
Base fee	2,453	2,449	4,871	4,858
Performance fee	<u>1,555</u>	<u>1,504</u>	<u>3,175</u>	<u>3,025</u>
Total	<u><u>4,008</u></u>	<u><u>3,953</u></u>	<u><u>8,046</u></u>	<u><u>7,883</u></u>

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 30 June 2023, 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	51.071%	42,146,423	1.794%
IGB REIT Management Sdn Bhd	42,146,423	1.794%	-	-
Dato' Seri Robert Tan Chung Meng	5,330,424	0.227%	1,511,850,651	64.349%
Tan Chin Nam Sendirian Berhad	128,570,346	5.472%	1,512,893,764	64.349%
Tan Kim Yeow Sendirian Berhad	67,735,407	2.883%	1,444,115,244	61.466%
Wah Seong (Malaya) Trading Co. Sdn Bhd	174,080,712	7.409%	1,270,034,532	54.057%
Pauline Tan Suat Ming	4,227,385	0.180%	1,511,850,651	64.349%
Tony Tan Choon Keat	<u>-</u>	<u>-</u>	<u>1,511,850,651</u>	<u>64.349%</u>

IGB COMMERCIAL REAL ESTATE INVESTMENT TRUST
Part B – Additional Disclosures Pursuant to Paragraph 9.44 of the MMLR (continued)

B16 Notes to the Statement of Comprehensive Income

	Current Year Quarter 30.6.2023 RM' 000	Preceding Year Quarter 30.6.2022 RM' 000	Current Year-To-Date 30.6.2023 RM' 000	Preceding Period-To-Date 30.6.2022 RM' 000
Depreciation	-	-	-	-
Allowance for impairment on receivables	-	-	34	-

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 30 June 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 26 July 2023.