



Mid Valley Megamall



Mid Valley City



The Gardens Mall

IGBREIT
IGB REAL ESTATE INVESTMENT TRUST



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Corporate Information

MANAGER

IGB REIT Management Sdn Bhd (908168-A)
Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia
Telephone : 603 2289 8989
Telefax : 603 2289 8802



BOARD OF DIRECTORS

Independent Non-Executive Chairman

Tan Sri Dato' Dr. Lin See Yan

Managing Director

Robert Tan Chung Meng

Executive Directors

Tan Boon Lee

Daniel Yong Chen-I

Elizabeth Tan Hui Ning

Independent Non-Executive Directors

Halim bin Haji Din

Le Ching Tai @ Lee Chen Chong

Non-Independent Non-Executive Directors

Tan Lei Cheng

Tan Yee Seng

COMPANY SECRETARY

Tina Chan Lai Yin

REGISTRAR

IGB Corporation Berhad (Share Registration Department)
Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia.
Telephone : 603 2289 8989
Telefax : 603 2289 8802

TRUSTEE

AmTrustee Berhad (163032-V)
Level 22, Bangunan AmBank Group, 55 Jalan Raja Chulan,
50200 Kuala Lumpur, Malaysia
Telephone : 603 2036 2633
Telefax : 603 2032 1914

PROPERTY MANAGER

Chartwell ITAC International Sdn Bhd (52312-H)
Suite A-6-3, Level 6, Block A, Putra Majestik, Jalan Kasipillay,
Batu 2½, Off Jalan Ipoh, 51200 Kuala Lumpur, Malaysia
Telephone : 603 4043 3998
Telefax : 603 4043 9388

AUDITORS

PricewaterhouseCoopers (AF1146)
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral,
50706 Kuala Lumpur, Malaysia
Telephone : 603 2173 1188
Telefax : 603 2173 1288

PRINCIPAL BANKERS

Hong Leong Bank Berhad (97141-X)
Level 5, Wisma Hong Leong, 18 Jalan Perak,
50450 Kuala Lumpur, Malaysia
Telephone : 603 2164 2828
Telefax : 603 2164 2503

Public Bank Berhad (6463-H)
Head Office, Menara Public Bank, 146 Jalan Ampang,
50450 Kuala Lumpur, Malaysia
Telephone : 603 2176 6000
Telefax : 603 2163 9917

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 5227
Stock Name : IGBREIT

WEBSITE ADDRESS

www.igbreit.com

INVESTOR RELATIONS

Email : enquiry@igbreit.com

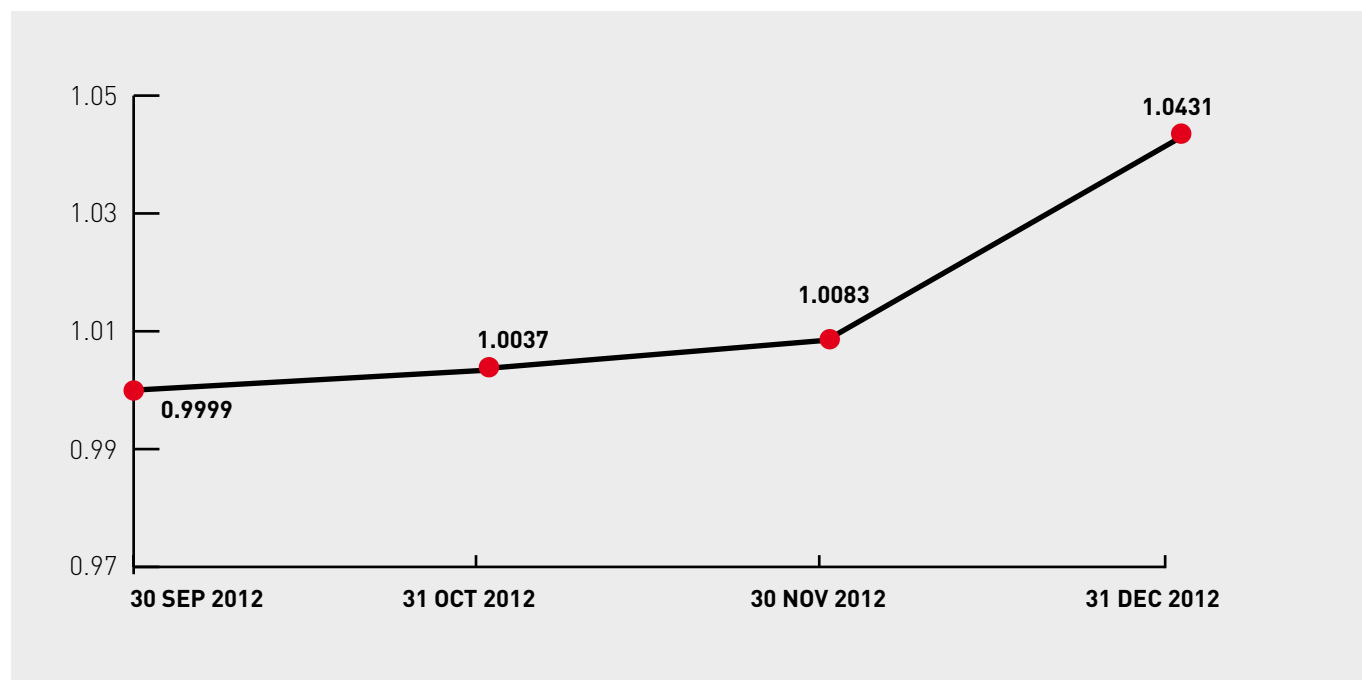
Financial Highlights

Statement of Comprehensive Income	Financial Period * 31 December 2012 RM'000	Forecast Period * 31 December 2012 RM'000	Variance RM'000
Total Revenue	115,285	110,718	4,567
Net Property Income	76,174	74,084	2,090
Distributable Income	62,333	60,866	1,467
Distribution per unit ("DPU") (sen)	1.83	1.79	0.04
Annualised DPU (sen)	6.50	6.36	0.14

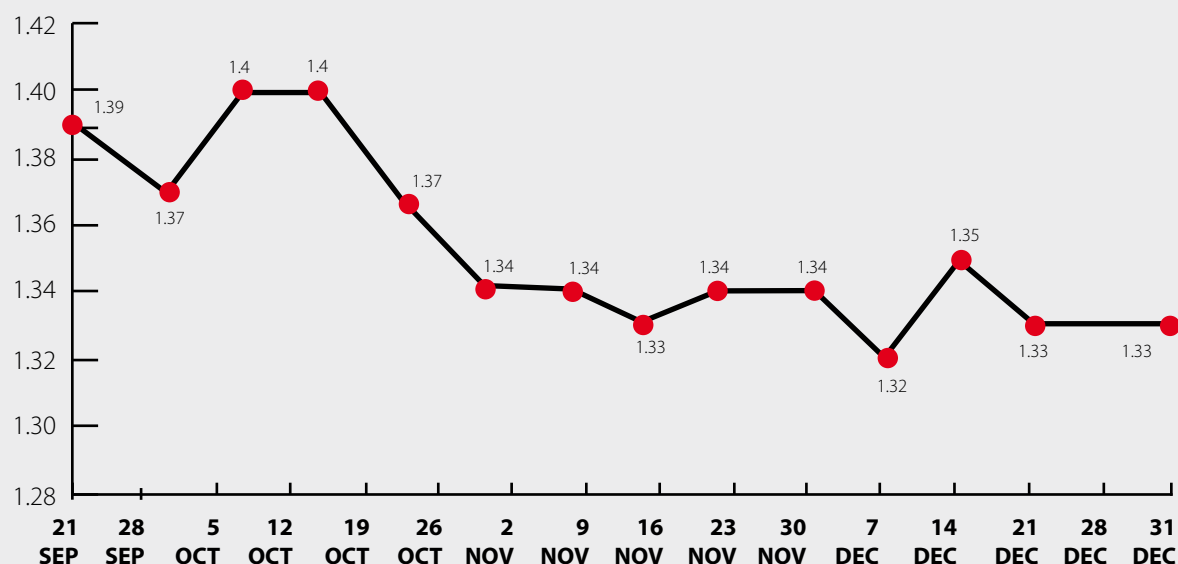
* From 20 September 2012 to 31 December 2012.

Statement of Financial Position	As at 31 December 2012
Total Asset Value (RM'000)	4,892,134
Net Asset Value ("NAV") (after distributable income) (RM'000)	3,484,044
NAV per unit (before distributable income) (RM)	1.0431
NAV per unit (after distributable income) (RM)	1.0247

NAV PER UNIT PERFORMANCE (BEFORE DISTRIBUTABLE INCOME)



Financial Highlights (cont'd)



Trading performance

Closing price as at 31 December 2012 (RM)	1.33
Highest traded price during the financial period (RM)	1.44
Lowest traded price during the financial period (RM)	1.31
Capital appreciation	6.4%
Annual total return / Average total return since listing	11.3%
Units in circulation ('000)	3,400,000
Market capitalisation as at 31 December 2012 (RM'000)	4,522,000

Portfolio Summary

PORTFOLIO COMPOSITION

	Properties	
	Mid Valley Megamall	The Gardens Mall
Land area of master title (sq ft)	1,047,532	421,773
Tenure	Leasehold interest of 99 years expiring on 6 June 2103	Leasehold interest of 99 years expiring on 6 June 2103
Master title information	PN 37075, Lot 80 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	PN 37073, Lot 70 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Encumbrances/material limitations in master title ⁽¹⁾	Trust caveat lodged by Amtrustee Berhad on behalf of IGB REIT vide presentation No. 15448/2012 on 14 September 2012	<ul style="list-style-type: none"> Private caveat lodged by AmTrustee Berhad on behalf of IGB REIT vide presentation No. 12690/2012 on 26 July 2012 Trust caveat lodged by AmTrustee Berhad on behalf of IGB REIT vide presentation No. 14472/2012 on 30 August 2012 Trust caveat lodged by Amtrustee Berhad on behalf of IGB REIT vide presentation No. 16049/2012 on 26 September 2012
Restrictions in interest in master title	This land shall not be transferred, leased, secured or charged except with the consent of the Federal Territory Land Executive Committee Secretariat (<i>Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur</i>) ⁽¹⁾	This land shall not be transferred, leased, secured or charged except with the consent of the Federal Territory Land Executive Committee Secretariat (<i>Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur</i>) ⁽²⁾
Express conditions in master title	This land shall be used for commercial building only (<i>Tanah ini hendaklah (Tanah ini hendaklah hanya untuk bangunan perdagangan sahaja)</i>)	This land shall be used for commercial building only (<i>Tanah ini hendaklah hanya untuk bangunan perdagangan sahaja)</i>)
Type	Retail	Retail
Appraised Value as at 31 December 2012 (RM'000)	3,500,000	1,200,000
Purchase consideration (RM'000)	3,440,000	1,160,000
NLA as at 31 December 2012 (sq ft)	1,751,864	816,910
GFA as at 31 December 2012 (sq ft)	6,107,103	3,379,510
Number of tenancies as at 31 December 2012	475	206
Occupancy rate as at 31 December 2012 (%)	99.8	99.5
Number of car park bays as at 31 December 2012	6,102	4,128

Notes:

- (1) Mid Valley City Sdn Bhd had on 15 August 2012 obtained the State Authority's consent for the transfer of Mid Valley Megamall in favour of AmTrustee Berhad.
- (2) Mid Valley City Developments Sdn Bhd had on 16 March 2012 obtained the State Authority's consent for the transfer of The Gardens Mall in favour of Mid Valley City Gardens Sdn Bhd ("MVCG"), and MVCG had in turn on 15 August 2012, obtained the State Authority's consent for the transfer of The Gardens Mall in favour of AmTrustee Berhad.

Message from the Chairman and the Managing Director

DEAR UNITHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, WE ARE DELIGHTED TO EXTEND OUR DEEPEST AND SINCERE APPRECIATION TO ALL UNITHOLDERS, TENANTS, BUSINESS PARTNERS AND THE AUTHORITIES, NAMELY SECURITIES COMMISSION MALAYSIA AND BURSA MALAYSIA SECURITIES BERHAD FOR THEIR COMMITTED SUPPORT DURING THE PUBLIC LISTING OF IGB REIT.



"ON THE DAY OF LISTING, THE UNIT PRICE OF IGB REIT ACHIEVED A HIGH OF **RM1.41** AGAINST IPO PRICE OF **RM1.25** AND CLOSED AT **RM1.39**."

Message from the Chairman and the Managing Director (cont'd)

POISED FOR GREATNESS

Malaysia's retail industry recorded sales growth of 6.9% in the first quarter of 2012, boosted by various incentives introduced by the Government since late last year.

Industry observers are cautiously optimistic about the performance of the local retail industry for the fourth quarter despite hopes of bonuses and year-end promotions. This is primarily due to the uncertainty created by the timing of impending general election and less-than-stellar global economic conditions. The local retail industry is cyclical, depending on whether it's a festive or non-festive season.

In Malaysia, domestic demand is still strong and going shopping is considered one of the most affordable family outings. Malaysian consumers will still remain cautious in their retail spending. In line with the host of celebrations that this country enjoys through our very own Four Seasons of Chinese New Year, Hari Raya, Deepavali and Christmas year end celebrations, consumer spending and revenue generation will continue to flourish and sustain itself in the long run. However we are confident and remain bullish about our chances and foresee a profitable outcome for the year to come.



With proactive steps taken to open up new sales channels and new marketing strategies, we expect a marked improvement in financial performance for the year ahead. The focus this year will be to put IGB REIT's property portfolio in a stronger position in the competitive retail market through enhanced management strategies and brand renewals.

This will increase our sales volume and provide the impetus for IGB REIT to achieve a steady growth rate in the years to come. New and innovative marketing strategies and incentives are also being introduced throughout the year to motivate the frontline staff to double their efforts and push for higher yields and returns.

FINANCIAL RESULTS

For the financial period ended 31 December 2012, IGB REIT posted a pre-tax profit of RM153.3 million with total revenue amounting to RM115.3 million.

IGB REIT's current year period-to-date, revenue and net property income, mainly from the rental income of Mid Valley Megamall and The Gardens Mall were RM115.3 million and RM76.2 million respectively.

We believe that the relatively young The Gardens Mall should act as the growth driver for IGB REIT. This mall is only four years old and has gone through only one cycle of rental reversion. A very sizeable 54.2% of its occupied net lettable area will be expiring in financial year ending 31 December 2013. This second round of rental reversion will give the mall the opportunity to enjoy significant upward rental reversion. We believe there is potential for room for growth in rents as the mall's luxury and premium brand tenants have the ability to pay high rents, as witnessed in the city centre.

IGB REIT is also expected to continuously flourish in the first half of 2013, triggered by the Chinese New Year celebrations, year-end bonus payouts and government incentives such as the Bantuan Rakyat 1 Malaysia (BR1M).

REVIEW OF OPERATIONS

With a total retail asset value of RM4.7 billion, IGB REIT has the largest exposure to the resilient retail industry in Malaysia through an initial portfolio made up of two assets, Mid Valley Megamall and The Gardens Mall. Future growth in asset value will be helped by its low asset leverage of 25% and the right of first refusal (ROFR) for the retail properties owned by its sponsor, IGB Corporation Berhad.

In 2012, IGB REIT continued to focus on enhancing the performance and value of the malls mainly from organic growth with asset enhancement initiatives.

Message from the Chairman and the Managing Director (cont'd)

Mid-Valley Megamall

The repositioning of MPH Bookstore from the Ground Floor to the Lower Ground Floor of the mall has yielded enhanced rentals due to strategic location and increase of traffic there.

The Third Floor to North Court where the Food Junction was previously located has also been refurbished and added with new tenants such as MUJI, Daiso, Old Town White Coffee Signature, Urban Adventure among a few. Food Junction has been relocated close by, and now offers new and exciting food fare, giving new opportunities and choices to visitors of the mall.

On-going enhancements are always on our priority list to uplift the retail experience for our customers alike. This development combined with the constant foresight by IGB REIT has led to 177 tenancy renewals in the past year. Mid Valley Megamall remains a major player in the retail sector and is no doubt, a leading shopping destination in the region with over 36 million visitors thus far.

The Gardens Mall

The Gardens Mall continued to show a positive performance in 2012, with occupancy remaining at 99.5%. 49 tenancies were renewed and 14 new tenants Lancel, Tempur, Laura Mercier, Blomus, Sticky, Royce Chocolates, Delectable Treats, Mail Boxes Etc., MyBagSpa, DKNY Jeans, Maybank, TM Levin, Versace Collection, and Blue Cube were welcomed, including Fresca, Thai Up!, Fong Lye Fusion, and Dr Martens who opened their first stores in the mall.

The mall underwent several asset enhancement initiatives for the year which include upgrading works for The Gardens Club, Surau, washrooms, back of house corridors and loading docks, and Lower Ground new coved ceiling installation. New flower-petal designed push carts were also installed in the mall on the upper floors.

Our Gardens Club Loyalty program has now been launched for 3 years and reached over 35,000 sign ups since April 2009. Membership continues to grow. There are still a couple of International brand names to be added in the near future with Hermes and Gucci among the mix.

CREATING LASTING IMPRESSIONS IN THE REGION

IGB REIT was honoured with Best REIT Deal Of The Year 2012 in Southeast Asia and Most Innovative Deal Of The Year 2012 in Southeast Asia at the 6th Alpha Southeast Asia Annual Deal and Solution Awards 2012.

With a total asset value of RM4.7 billion, IGB REIT is one of the largest REITs in Malaysia by asset size but it would have the largest retail exposure by asset value. Its total retail portfolio of RM4.7 billion is larger than its closest competitors. IGB REIT's sheer size should enhance its visibility among investors and continue to gather accolades within the region, and if not, the world over.

PROSPECTS

The Malaysian real estate investment trusts (M-REITS) industry may see exciting times ahead as visibility and investment ability improves among international funds. The challenges include the sluggish global economy, the ability to attract talent back to Malaysia, a long-awaited sluggish general election and managing its fiscal deficit. The economy will revive once the uncertainty of the general election ceases to bear down on sentiment.

In view of the foregoing, barring unforeseen circumstances, we therefore expect another satisfactory year for IGB REIT.

On behalf of the Board, we wish to express our sincere appreciation to all management and employees for their endless support, hard work and dedication. We would also like to extend a huge word of thanks to all our unitholders, customers, financiers, business associates and the relevant authorities for their continued confidence, cooperation and support.

We remain confident of continuing to do our best and in return, get rewarded for being the best there is.

TAN SRI DATO' DR. LIN SEE YAN
Chairman

ROBERT TAN CHUNG MENG
Managing Director

Message from the Chief Executive Officer

BUILDING EMPIRES IS AKIN TO BUILDING RELATIONSHIPS, WHEREBY TRUST AND INTEGRITY ARE KEY PLAYERS. BY PUTTING THIS INTO OUR DNA HERE AT IGB REIT, WE STRONGLY BELIEVE WE ARE FIRMLY PLACED TO BE A LIFELONG STRATEGIC PARTNER THAT HELPS ENHANCE OUR CLIENTS BRAND AND CORPORATE IMAGE. OUR AIM AND GOAL REMAINS FOCUSED TO CONTINUOUSLY PROVIDE THEM WITH PROMPT, RELIABLE AND QUALITY SERVICE THAT WILL BE UNRIVALLED BY MANY.



IGB REIT, THE SAME OLD QUALITY THAT JUST GOT BETTER IN TIME.

ALTHOUGH HAVING ONLY BEEN ESTABLISHED FOR 110 DAYS BY THE END OF 2012, THE WEALTH OF EXPERIENCE CONTAINED WITHIN IGB REIT STRETCHES FAR BEYOND. WE HAVE MAINTAINED THE TALENT TO FURTHER HARNESS THE VALUE OF HIGHER REIT INVESTMENTS FOR IGB REIT. WE ARE PLEASED THAT OUR FIRST REPORT HAS COME WITH IGB REIT SITTING WITH AN ESTIMATED VALUATION OF RM4.7 BILLION.

Message from the Chief Executive Officer (cont'd)



KEY PERFORMANCES OF 2012

The year that passed us by was a reasonably good year for IGB REIT. In spite of the softening market sentiment coupled with the economic slowdown, we managed to chalk up satisfying financial results for the financial year under review.

The recovery in the world economy towards the end of 2011 gathered momentum in 2012. The Malaysia economy rebounded strongly, with significant increases in gross domestic product (GDP) and retail sales growth.

According to the Malaysian Institute of Economic Research, consumer confidence galloped ahead to 114.3 in the first quarter of 2012, up from 106.3 in the fourth quarter of 2011. Headline inflation registered on the consumer price index (CPI) stood at a benign 2.3 per cent in January 2012, down from 3.2 per cent in 2011, according to the Malaysian Department of Statistics. With a proven track record in the management and operation of malls, Malaysia has outlined its ambitions to step into the limelight as an exporter of expertly designed retail complexes.

Despite this challenging global scenario, on the demand side, growth will be supported by sustained consumer spending reinforced by strong investment activities. Consumer spending is expected to post a strong growth backed by increasing household income and stable employment conditions.

REVIEW OF OPERATIONS

IGB REIT's short term outlook remains favourable, driven by organic growth at its existing retail assets – Mid Valley Megamall and The Gardens Mall. The recently announced fourth-quarter financial results for the period ended December 31, 2012 were within analyst expectations. IGB REIT posted a pretax profit of RM153.3 million and revenue of RM115.3 million. This came from the total revenue of Mid Valley Megamall and The Gardens Mall, which stood at RM79.8 million and RM35.5 million, respectively.

A good example of how much rental rates can increase by converting one anchor tenant's space into a few, smaller lots for specialty tenants can be seen in the recent MPH Bookstore case. MPH Bookstore was previously a mini-anchor tenant of Mid Valley Megamall, occupying 33,000 sq ft on the prime Ground Floor near the Centre Court. However, it has been relocated to a less strategic place at the Lower Ground Floor with its size cut to 14,000 sq ft. In its place, interesting retail concepts yielding much higher rental rates have been introduced (Uniqlo, Forever 21, Quicksilver/Roxy, MNG extension). This tenant remixing has considerably increased rental rates.

While Mid Valley Megamall will remain as the main earnings contributor, The Gardens Mall's earnings growth could outpace that of Mid Valley Megamall, as it matures and cements its position in the high-end retail mall segment, thus narrowing the contribution gap between the two malls over the medium term.

Message from the Chief Executive Officer (cont'd)



HUMAN CAPITAL

Our employees are embodied in the hearts of our operations. With that firmly rooted, we believe that they should be valued, harnessed and prepared to further develop and consolidate themselves. Hence our human capital initiatives focused on providing ongoing training and development solutions, up skilling of services to enhance their human resources quality and productivity.

CORPORATE SOCIAL RESPONSIBILITY

As Corporate Social Responsibility encompasses society and our duty to serve, many facets are covered in this annual report. Some of IGB REIT's efforts in philanthropy and volunteerism, as well as environment, health and safety events are highlighted.

In celebration of the main festivities here, Mid Valley Megamall, together with its partners brought some much needed cheer to some deserving folks around.

A total of 17 senior citizens from De Luxe Retirement Home were feted and treated during the Chinese New Year celebrations as well as the Hari Raya Charity event with 40 underprivileged kids from Rumah Amal Belian Kasih (RABEKA) being treated and feted to mark the auspicious occasion. The Gardens Mall did its part in the seasonal festivities too by holding numerous events that were in-house as well as collaborations with other partners and media partners. Besides seasonal campaigns such as Chinese New Year, Hari Raya and Christmas, the mall hosted its first 'Beauty & Home' campaign which saw a mix of cosmetic and skincare players as well as home tenants. There were also successful fashion events including the Spring Summer Fashion Week and Fall Winter media event that also showcased the mall's in-house magazine called 'Gardens.'

IGB REIT has developed an important relationship with society as we feel they are our strength and we will continue to offer them our support in this very important endeavor. With that in mind a few initiatives were carried out to help the disabled. Among them were a Mickey Mouse through the Year Project for the Down Syndrome Association of Malaysia. The objective was to channel all funds raised through a purchase with a "purchase program" at the mall. During Christmas, we held a Meet Santa fund raising campaign and the fund were channelled into purchasing items and services requested by one of the charity homes (Spastic Children's Association of Selangor and Federal Territory) listed under *GivingIsGold.org.

We also played hosts to a very special group of children from the 'House of Joy', who were invited to the mall and treated to a nice meal with Din Tai Fung restaurant as co-hosts. During Raya, we visited 'Persatuan Kanak-kanak Istimewa Hulu Langat' where the Marketing department had the chance to interact with the children. Children from 'Persatuan Kebajikan Sri Eden' were invited to The Gardens Mall for the afternoon and had fun building gingerbread houses and were entertained by a magician as well.

Message from the Chief Executive Officer (cont'd)



THE YEAR AHEAD

Malaysia's economic outlook is expected to remain stable next year, supported by continued strong domestic consumption and investments. Notwithstanding the sluggish global economic environment, we believe domestic consumer spending will remain healthy.

Private consumption is expected to grow by 6.5%, underpinning our GDP growth forecast of 5% in 2013. Importantly, we believe household disposable income will be supported by the implementation of the minimum wage policy as well as the various cash handouts announced by the Government during Budget 2013.

We at IGB REIT are always striving to enhance the value within by constantly sourcing for acquisition opportunities within the country. Through the steady and undying efforts of our people and management, we are bullish and remain confident that we are well positioned to capitalise on the growth opportunities in Malaysia for the year ahead.

APPRECIATION

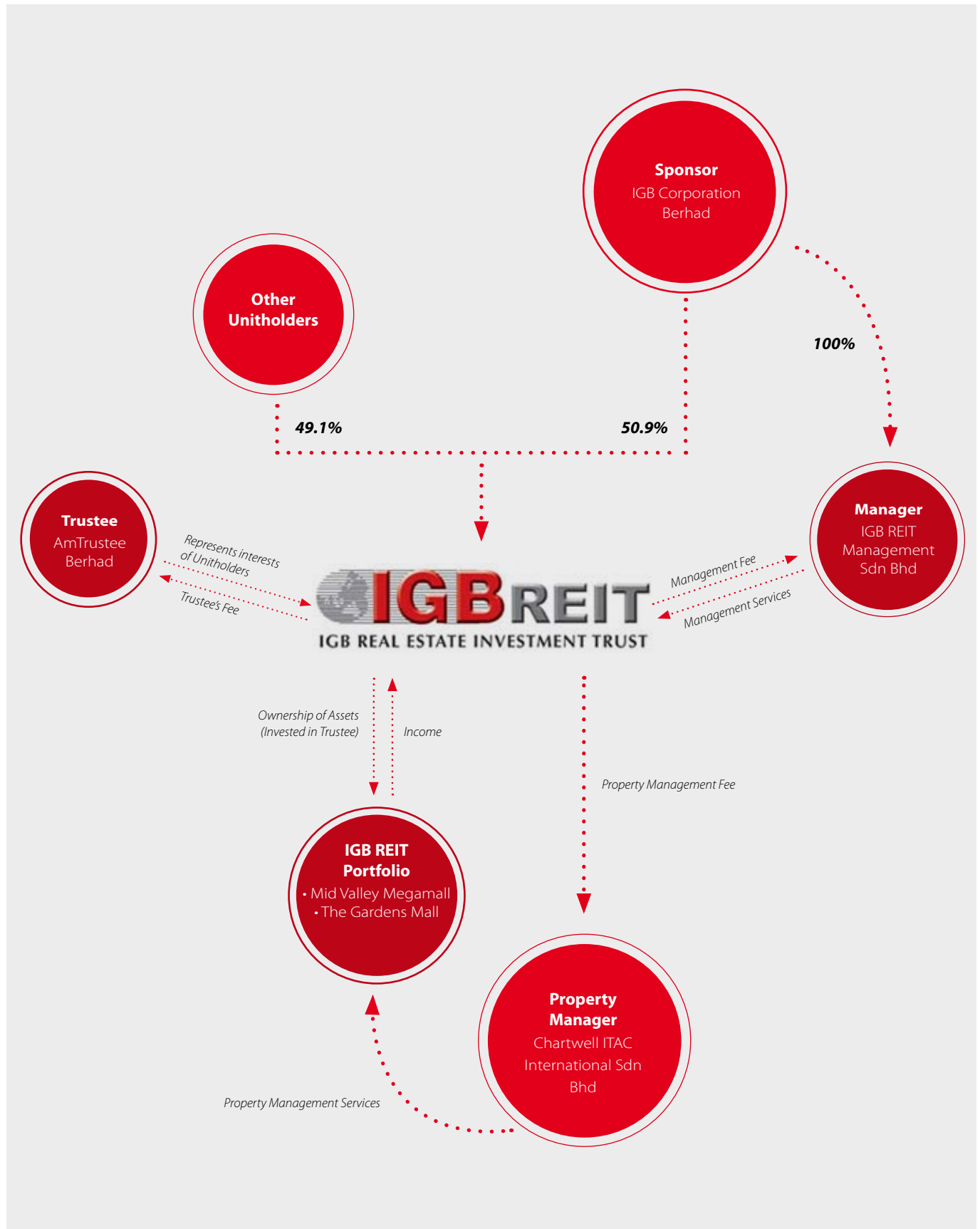
With all the gratitude and appreciation in my heart, I would like to thank all unitholders, business partners, fellow colleagues, tenants and shoppers for their support.

I would also like to put on record our appreciation for the guidance and wise counsel of both the Trustee and our fellow members of the Board of the Manager. I look forward to the year ahead and to the new and exciting times ahead for us all.

ANTONY PATRICK BARRAGRY

Chief Executive Officer (CEO)

IGB REIT Structure



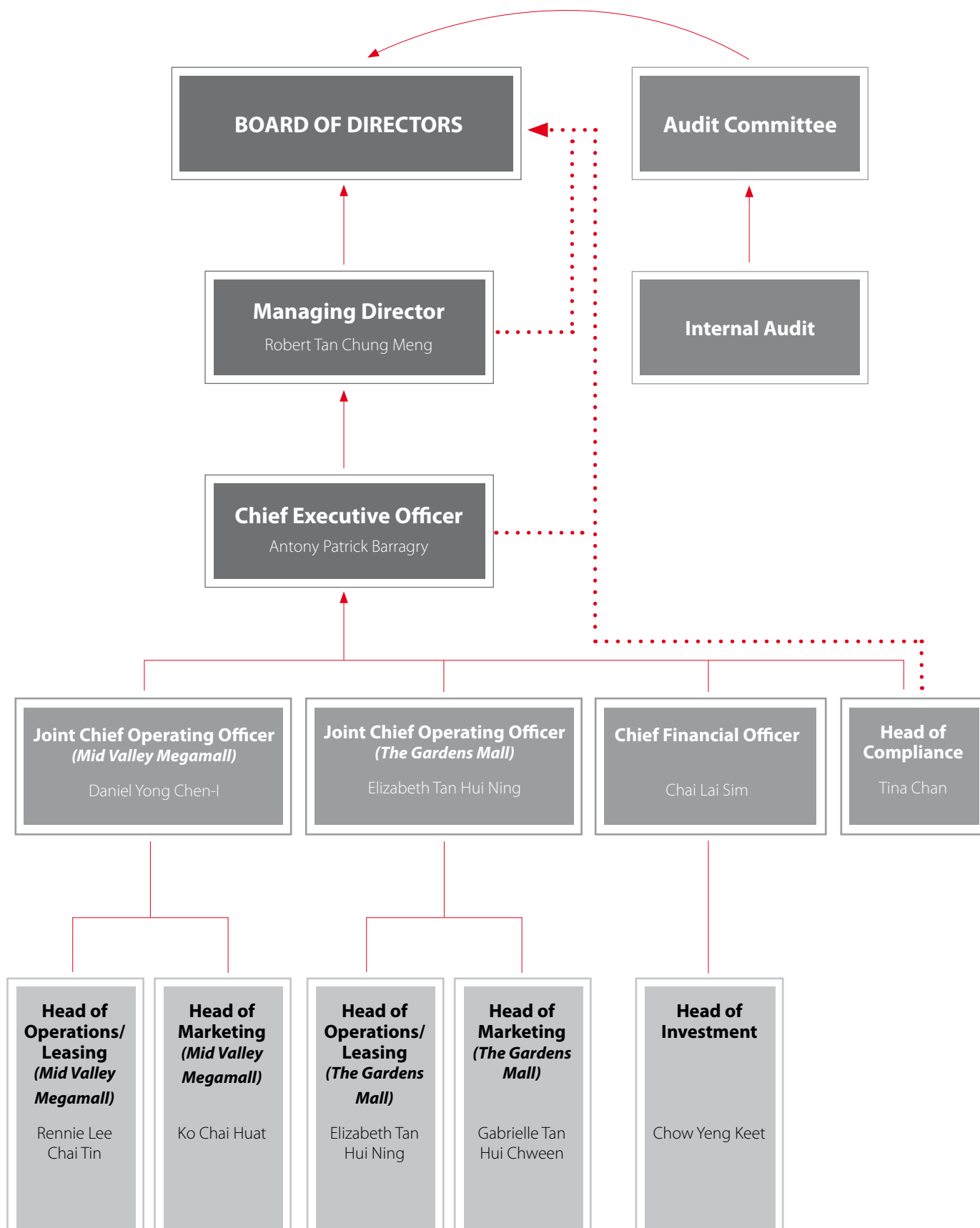
Salient Features of IGB REIT

Fund Name	IGB REIT
Fund Category	Real estate investment trust
Fund Type	Income stability and growth
Fund Duration	<p>IGB REIT shall terminate on the earlier of:</p> <ul style="list-style-type: none"> the occurrence of any of the events listed in Clause 26.2 of the deed of trust dated 18 July 2012 ("Deed"); the date 999 years after 25 July 2012 i.e. the date of establishment of IGB REIT; or the date on which IGB REIT is terminated by the Manager under Clause 26.1(b) of the Deed
Approved Fund Size	3,550,000,000 Units
Authorised Investments	Real estate, unlisted single-purpose companies, real estate-related assets, non-real estate-related assets, cash, deposits, money market instruments and any other investments not specified above but specified as a permissible investment in the Securities Commission's ("SC") Guidelines on Real Estate Investment Trusts ("REIT Guidelines") or as otherwise permitted by the SC
Authorised Investments Limits	<p>The investments of IGB REIT are subject to the following investments limits imposed by the REIT Guidelines:</p> <ul style="list-style-type: none"> at least 50% of IGB REIT's total asset value ("TAV") must be invested in real estate assets at all times; and not more than 25% of IGB REIT's TAV may be invested in non-real estate-related assets and/or cash, deposits and money market instruments, <p>provided that investments in both real estate-related assets and non-real estate-related assets are limited as follows:</p> <ul style="list-style-type: none"> the value of IGB REIT's investments in securities issued by any single issuer must not exceed 5% of IGB REIT's TAV; the value of IGB REIT's investments in securities issued by any group of companies must not exceed 10% of IGB REIT's TAV; and IGB REIT's investment in any class of securities must not exceed 10% of the securities issued by any single issuer, or such other limits and investments as may be permitted by the SC or the REIT Guidelines
Distribution Policy	100% of IGB REIT's distributable income from 25 July 2012 to 31 December 2014, and thereafter at least 90% of IGB REIT's distributable income on a half-yearly basis (or such other intervals as the Manager may determine at its absolute discretion)
Borrowing Limitations and Gearing Policy	Up to 50% of IGB REIT's TAV at the time the borrowing is incurred or such higher amount with the prior approval of the unitholders or such other limit permitted by the REIT Guidelines from time to time
Revaluation Policy	At least once every three years based on an independent professional valuation pursuant to the REIT Guidelines or such other shorter interval as the Manager deems necessary

Salient Features of IGB REIT (cont'd)

Management Fees	<p>The Manager may elect to receive the management fee in cash or units or a combination of cash and units (as it may in its sole discretion determine). The Manager is entitled under the Deed to the following management fees (exclusive of service tax, if any):</p> <ul style="list-style-type: none"> • Base Fee : up to 1.0% per annum of IGB REIT's TAV (excluding cash and bank balances which are held in non-interest bearing account). The Manager intends to charge a Base Fee of 0.3% for FY2012 and FY2013 (FY2012 actual: RM4,045,746.46 or 2,979,472 units) • Performance Fee : 5.0% per annum of IGB REIT's net property income ("NPI") in the relevant financial year (FY2012 actual: RM3,805,385.81 or 2,802,954 units) • Acquisition Fee : 1.0% of the total purchase consideration of any real estate and real estate-related assets directly or indirectly acquired from time to time by the Trustee or one or more SPVs on behalf of IGB REIT pro-rated, if applicable, to the proportion of IGB REIT's interest. • Divestment Fee : 0.5% of the total sale consideration of any real estate and real estate-related assets directly or indirectly sold or divested from time to time by the Trustee or one or more SPVs on behalf of IGB REIT pro-rated, if applicable, to the proportion of IGB REIT's interest.
Financial Period (FY2012)	25 July 2012 to 31 December 2012
Quotation	Main Market of Bursa Securities
IPO Price	RM1.25
Minimum Investment	100 units per board lot
Stock Name/ Code	IGBREIT/ 5227

Management Reporting Structure



Profile of Directors

TAN SRI DATO' DR. LIN SEE YAN

*Chairman,
Independent Non- Executive Director*

Tan Sri Dato' Dr. Lin See Yan, aged 73, is an Independent Non-Executive Director ("INED") and Chairman of the Manager. He was appointed to the Board on 27 April 2012.

Dr. Lin is an independent strategic and financial consultant. Prior to 1998, he was Chairman/President and Chief Executive Officer of Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia (the Central Bank), having been a central banker for 34 years. Dr. Lin continues to serve the public interest, including Member, Prime Minister's Economic Council Working Group, as well as a member of a number of key National Committees on Higher Education; Economic Advisor, Associated Chinese Chambers of Commerce & Industry of Malaysia; Board Director, Monash University Sunway Campus Malaysia Sdn Bhd; and Governor, Asian Institute of Management, Manila. In addition, Dr. Lin sits on the boards of several public listed companies in Malaysia, including KrisAssets Holdings Berhad ("KrisAssets"), Ancom Berhad, Genting Berhad, JobStreet Corporation Berhad, Wah Seong Corporation Berhad ("WSCB") and Top Glove Corporation Berhad, and a number of business enterprises in Malaysia, Singapore and Indonesia engaged in insurance, mining, petroleum related products, property development, software and private equity. Dr. Lin is Chairman Emeritus of Harvard University's Graduate School Alumni Association Council in Cambridge (USA) as well as President, Harvard Club of Malaysia. He is also Professor of Economics (Adjunct), Universiti Utara Malaysia and Professor of Business & International Finance (Adjunct), University Malaysia Sabah and a Trustee of the Tun Ismail Ali Foundation (PNB), Harvard Club of Malaysia Foundation, Malaysian Economic Association Foundation and Jeffrey Cheah Foundation.

Professionally qualified in the United Kingdom as a Chartered Statistician, Dr. Lin is also banker, economist and venture entrepreneur, having received three post-graduate degrees from Harvard University (including a PhD in Economics) where he was a Mason Fellow and Ford Scholar. He is a British Chartered Scientist. Tan Sri is an Eisenhower Fellow and a Fellow of the IMF Institute (Washington DC), Royal Statistical Society (London), Malaysian Institute of Bankers, Malaysian Insurance Institute, Malaysian Institute of Management and Malaysian Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies in Malaysia.

ROBERT TAN CHUNG MENG

*Managing Director,
Non-Independent Executive Director*

Robert Tan Chung Meng, aged 60, is the Managing Director ("MD") of the Manager and a Non-Independent Executive Director ("NIED"). He was appointed to the Board on 21 March 2012.

He has extensive experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years experience in the property industry. After studying Business Administration in the United Kingdom, he was attached to a Chartered Surveyor's firm for a year. He also developed a housing project in Central London before returning to Malaysia. His stint in the property industry began with IGB Corporation Berhad ("IGB") in 1995 when he was made IGB's Joint MD and subsequently becoming its Group MD in 2001, a position he currently holds today.

He has been involved in various development projects carried out by IGB group, in particular Mid Valley City. From inception to the realisation of Mid Valley Megamall and The Gardens Mall, he was actively involved in every stage of their developments. The full fruition of his grand vision is the construction and development of Mid Valley Megamall and The Gardens Mall which spanned over a decade into a landmark retail complex in Malaysia. He is instrumental to the development and success of Mid Valley Megamall and The Gardens Mall and more importantly, in retaining their positions as prime retail players amidst increasingly competitive retail landscape. Through his management and leadership, Mid Valley Megamall and The Gardens Mall are now two of the most popular shopping malls in the Klang Valley, enjoying an almost full occupancy rate for the past few years.

He is also the Group MD of KrisAssets, the Non-Executive Chairman of WSCB and a Director of Tan & Tan Developments Berhad ("Tan & Tan"), a property division of IGB.

Profile of Directors (cont'd)

HALIM BIN HAJI DIN

Independent Non-Executive Director

Halim bin Haji Din, aged 66, is an INED. He joined the Board on 27 April 2012, and was appointed the chairman of the Audit Committee.

He is a Chartered Accountant who spent more than 30 years working for multinational corporations and international consulting firms. He accumulated 18 years of experience working in the Oil and Gas Industry, of which 6 years was spent as a board member of Caltex/Chevron, responsible for financial management, before engaging in the consulting business. Prior to his appointment as a board member of Caltex Malaysia, he served as Regional Financial Advisor for Caltex Petroleum Corporation Dallas, Texas overseeing investment viability of the corporation's Asian subsidiaries.

He also had an extensive experience in corporate recovery when he worked for Ernst & Whinney, London, United Kingdom in mid-1980's. He was appointed as Managing Partner of the consulting division of Ernst & Young Malaysia in 1995. He later became the Country Advisor of Cap Gemini Ernst & Young Consulting Malaysia when Cap Gemini of France merged with Ernst & Young Consulting. In 2003, he with two partners took over the consulting business of Cap Gemini Ernst & Young Malaysia through a management buy-out and rebranded it as Innovation Associates, currently known as The IA Group, where he is currently the Chairman of the group.

He is also an INED of KrisAssets, WSCB and BNP Paribas Malaysia Berhad.

LE CHING TAI @ LEE CHEN CHONG

Independent Non-Executive Director

Mr Lee Chen Chong, aged 71, was appointed to the Board on 27 April 2012, and is an INED.

He is a Fellow of the Chartered Institute of Bankers (FCIB), London, United Kingdom and spent a total of 34 years in commercial and international banking with local as well as banks overseas. From 1972 to 1984, he was the Chief Executive Officer of an overseas bank in the City of London. In 1985, he returned to Malaysia and joined a Malaysia-French joint-venture bank in Kuala Lumpur as an Executive Director. He was subsequently appointed the Managing Director until he relinquished the post in end 1993. The next 4 years saw him spend time overseas as Chief Executive Officer and Director of international banks in the Czech Republic, Hungary and Malta.

He is an INED of KrisAssets and was associated with Multi-Purpose group of companies from 1989 until his retirement as Executive Director in end 2000. He was an Executive Director of Ipimuda Berhad from December 2001 until retiring in January 2008.

TAN BOON LEE

Non-Independent Executive Director

Tan Boon Lee, aged 49, is an Executive Director of the Manager and a NIED. He was appointed to the Board on 27 April 2012.

He holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He has 25 years' experience in the property and hotel industry, providing management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was President of the Malaysian Association of Hotel Owners (MAHO) from 2002 to 2004.

He spearheaded IGB group's growth into emerging economies of Myanmar and Cambodia in 1990's via the group's hotel division. He is currently instrumental in the group's growth of the "Cititel Express" branding a new four-star hotel in Sydney.

He is presently an Executive Director of IGB, a Director of KrisAssets, Goldis Berhad ("Goldis"), Macro Kiosk Berhad and SW Homeowners Berhad, and a Director and Chief Executive Officer of Tan & Tan.

Profile of Directors (cont'd)

TAN LEI CHENG

Non-Independent Non-Executive Director

Tan Lei Cheng, aged 55, was appointed to the Board on 27 April 2012, and is a Non-Independent Non-Executive Director ("NINED").

She holds a Bachelor of Commerce from the University of Melbourne, Australia and a Bachelor of Law from King's College, London (LLB Hons.), England. She is also a member of Lincoln's Inn and was admitted to the English Bar in 1983.

She has more than 30 years of experience in the property industry and the corporate sector. She was the Chief Executive Officer of Tan & Tan from March 1995, a property development company that was listed on Bursa Securities until Goldis took over its listing on 8 May 2002, following the completion of the merger between IGB, Tan & Tan and Goldis. She is presently the Executive Chairman and Chief Executive Officer of Goldis. She also sits on the boards of IGB, KrisAssets, Macro Kiosk Berhad and Tan & Tan. She is a member of the World Presidents' Organisation, Malaysia Chapter and a board member of Kuala Lumpur Business Club Advisory Council.

DANIEL YONG CHEN-I

Joint Chief Operating Officer (Mid Valley Megamall)
Non-Independent Executive Director

Daniel Yong Chen-I, aged 41, was appointed to the Board on 27 April 2012. He is a NIED and the Joint Chief Operating Officer ("COO") (Mid Valley Megamall) of the Manager.

He is a law graduate from the University of Bristol, England. He joined Mid Valley City Sdn Bhd ("MVC") in 1999 as a member of the pre-opening retail development team. He was appointed an Executive Director of MVC in 2003 and is responsible for overseeing the management and operation of Mid Valley Megamall since. He was also involved in the design and pre-opening of The Gardens Mall from 2004 to 2007. His prior work experience includes the development of bespoke systems with BYG Systems Ltd in England and Operational Management with Wah Seong Engineering Sdn Bhd, the distributor and manufacturer for Toshiba Elevator and Escalators in Malaysia.

He is a Director of KrisAssets and the alternate Director to Pauline Tan Suat Ming on the board of IGB.

ELIZABETH TAN HUI NING

Joint Chief Operating Officer (The Gardens Mall)
Non-Independent Executive Director

Elizabeth Tan Hui Ning, aged 29, was appointed to the Board on 27 April 2012. She is a NIED, the Joint COO (The Gardens Mall) and Head of Operations/Leasing (The Gardens Mall) of the Manager.

She graduated with First Class Honours from Cardiff University, Wales, United Kingdom with a degree in Business Administration (BSc) in June 2004. She joined Mid Valley City Garden Sdn Bhd ("MVCG") in August 2004 and subsequently assumed her present role as the Director of Leasing of MVCG. She is responsible for the conceptualisation and strategy of the tenant mix of The Gardens Mall as well as overseeing the leasing, retail development and customer service departments.

She is the alternate Director to Robert Tan Chung Meng on the board of KrisAssets.

Profile of Directors (cont'd)

TAN YEE SENG

Non-Independent Non-Executive Director

Tan Yee Seng, aged 32, was appointed to the Board on 27 April 2012 and is a NINED.

He holds a professional Diploma of Architecture (Royal Institute of British Architects, Part 2) from the University of East London, United Kingdom. He joined IGB in 2010 as Senior General Manager (Property Development) division. His prior work experience includes being part of the pre-opening team member of G Tower which is owned by Goldis, where he oversaw the coordination of base building, fit out and operations. He was also extensively involved in the aesthetic realisation of The Gardens Mall while working at Ensignia Construction Sdn Bhd, the construction arm of IGB, where he worked as a design architect. There he used his training to create and fine tune the facades and key elements of The Gardens Mall and Mid Valley Megamall. He has also been a design architect at Eric Kuhne Associates in London where he worked on several large mixed-use proposals.

He is the alternate Director to Tan Boon Seng on the board of IGB.

Notes:

1. All directors are Malaysian.
2. Save for Robert Tan Chung Meng, Tan Boon Lee, Tan Lei Cheng, Daniel Yong Chen-I, Elizabeth Tan Hui Ning and Tan Yee Seng, the Directors have no family relationship with any Director of the Manager and/or major unitholder of IGB REIT.
3. Save for the Directors' interests in IGB REIT (as disclosed under Unitholdings of Directors and CEO) and the transactions with companies related to the Manager (as disclosed in Notes to the Financial Statements), no conflict of interest has arisen during the financial year under review.
4. All Directors have not been convicted of any offence.

Profile of Management

ANTONY PATRICK BARRAGRY

Chief Executive Officer

Antony Patrick Barragry, aged 61, a British but a permanent resident of Malaysia, was appointed the CEO of the Manager on 1 September 2012.

He is a qualified architect with 36 years of international experience in the design, development and operations of major mixed-use developments. His prior work experience includes Putra World Trade Centre in Kuala Lumpur, IGB's Renaissance Kuala Lumpur Hotel, Ciragan Palace Hotel in Istanbul, and Jebel Ali Hotel development in Dubai. He was previously Project Director in the construction of Mid Valley City Phase 1, including Mid Valley Megamall. Appointed as Executive Director of MVC in 2002, he spearheaded the development of more than 6 million sq ft of commercial space in Mid Valley City's Phases 2, 3 and 4. He was also Project Director for the design and construction of St Giles Hotel, Heathrow, London and the upgrading of IGB's Pangkor Island Beach Resort, a 100-acre beach-front property on Pangkor Island. He was the Chief Executive Officer of MVCG from January 2008 until he relinquished the post in August 2012.

He holds a Diploma in Architecture from the University of Sheffield and is a member of the International Council of Shopping Centres and The International Real-Estate Federation ("FIABCI").

He has not been convicted of any offences and has no conflict of interest with IGB REIT, save for the interest in IGB REIT as disclosed in Unitholdings of Directors and CEO. He does not have any family relationship with any Director of the Manager and/or major unitholder of IGB REIT.

DANIEL YONG CHEN-I

Joint Chief Operating Officer (Mid Valley Megamall)

Daniel Yong Chen-I is the Joint COO (Mid Valley Megamall) and a NIED of the Manager. His profile is presented in the Profile of Directors.

ELIZABETH TAN HUI NING

Joint Chief Operating Officer (The Gardens Mall)

Elizabeth Tan Hui Ning is the Joint COO (The Gardens Mall), Head of Operations/Leasing (The Gardens Mall) and a NIED of the Manager. Her profile is presented in the Profile of Directors.

CHAI LAI SIM

Chief Financial Officer

Chai Lai Sim is the Chief Financial Officer ("CFO") of the Manager.

She has over 30 years of experience in audit, corporate finance, capital management strategy including treasury, financial accounting and taxation in property development, commercial and retail property investment and hospitality industries. She began her career as an articled student with Coopers & Lybrand (now known as PriceWaterhouseCoopers) before joining Tan & Tan as the Group Financial Controller in 1993. Following the completion of the merger between Tan & Tan and IGB in 2002, she was appointed the Senior Group General Manager of Group Finance and subsequently assumed the present role of Group CFO of IGB.

She is a member of both the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

CHOW YENG KEET

Head of Investment

Chow Yeng Keet is the Head of Investment of the Manager.

He is presently the General Manager, Corporate Finance of IGB and Director of Finance of MVC. He has working experience in corporate finance and advisory covering mergers and acquisitions, equity and debt fund raising, capital management and restructuring, valuations as well as take-over offers. He started his career as Corporate Finance Executive with the then Sime Merchant Bankers Berhad in 1997. Thereafter, he was with Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) prior to joining IGB in 2004. Currently, he is involved in corporate finance as well as finance and accounts of KrisAssets group.

He holds a Bachelor of Economics (First Class Honours) from University of Malaya and is a Fellow of the Association of Chartered Certified Accountants.

Profile of Management (cont'd)

RENNIE LEE CHAI TIN

Head of Operations/ Leasing (Mid Valley Megamall)

Rennie Lee Chai Tin is the Head of Operations/Leasing (Mid Valley Megamall) of the Manager. She is also the General Manager of MVC.

She joined MVC in 1995. She has approximately 20 years of work experience in leasing and operations within the retail industry. She is credited with being part of the founding team in the marketing of Mid Valley City. Her previous work experience includes the leasing and marketing of Mahkota Parade in Malacca, Subang Parade and IOI Shopping centres in Kuala Lumpur. She was a key member of Mid Valley Megamall pre-opening team.

KO CHAI HUAT

Head of Marketing (Mid Valley Megamall)

Ko Chai Huat is the Head of Marketing (Mid Valley Megamall) of the Manager. He is also the Director of Design of MVC.

He joined MVC in 1999. He has approximately 25 years of work experience in visual merchandising as well as advertising and promotion. He was formerly Visual Merchandising Manager at Atria Shopping Centre in Kuala Lumpur. He directs, conceptualise and leads all design set ups for promotional activities and events in Mid Valley Megamall. He was a key member of Mid Valley Megamall pre-opening team. He holds a Diploma in Fine Arts.

GABRIELLE TAN HUI CHWEEN

Head of Marketing (The Gardens Mall)

Gabrielle Tan Hui Chween is the Head of Marketing (The Gardens Mall) of the Manager. She is also the Director of Marketing of MVCG.

She holds a Bachelor of Arts in Business Economics from the University of Exeter, United Kingdom and a Bachelor of Fine Arts degree in fashion design and marketing from the American Intercontinental University, London, United Kingdom. She joined MVCG as the Head of Marketing in 2007 and subsequently assumed the role of Director of Marketing. She oversees the advertising and promotions activities as well as the public relations initiatives at The Gardens Mall. She is also a Director of MVCG.

TINA CHAN LAI YIN

*Head of Compliance
Company Secretary*

Tina Chan is the Head of Compliance and the Company Secretary of the Manager.

She has a broad knowledge and skill-base in corporate secretarial work, having dealt with a wide range of corporate exercises in the course of her 20 years working experience. She is presently the Company Secretary of IGB group, a position which she has held since 1997. She heads the corporate secretarial division and is responsible for the efficient administration of IGB group, particularly with regard to ensuring compliance with statutory and regulatory requirements including key areas relating to governance and compliance structures which are implemented throughout the group. She also oversees the in-house share registrar department of IGB. She is also the Company Secretary of KrisAssets group. Prior to joining IGB, she had worked in a legal firm, Rahman Hashim, V.T. Ravindran and Partners where she was the Company Secretary cum Administrator and was later attached to Tan & Tan, her last position there being the Joint Company Secretary where she had been significantly involved in the floatation of Tan & Tan in 1993 (the listing status of which was assumed by Goldis following the completion of the merger between Tan & Tan and IGB in 2002).

She is an Associate of The Institute of Chartered Secretaries and Administrators.

Manager's Report

The Manager of IGB Real Estate Investment Trust ("IGB REIT"), IGB REIT Management Sdn Bhd ("the Manager"), is pleased to submit their report and audited financial statements to unitholders of IGB REIT for the financial period ended 31 December 2012.

PRINCIPAL ACTIVITY AND INVESTMENT OBJECTIVES

IGB REIT was constituted pursuant to the trust deed dated 18 July 2012 ("the Deed") between IGB REIT Management Sdn Bhd and AmTrustee Berhad and listed on Main Market of Bursa Malaysia Securities Berhad on 21 September 2012. The principal investment policy of IGB REIT is to invest, directly and indirectly, in a diversified portfolio of income producing real estate used primarily for retail purposes in Malaysia and overseas as well as real estate-related assets. Real estate used primarily for retail purposes would include retail properties and mixed used developments with a retail component.

The primary objective of IGB REIT is to provide unitholders with regular and stable distributions, sustainable long term unit price, distributable income and capital growth, while maintaining an appropriate capital structure.

Investment strategies

The Manager intends to increase the income and consequently the value of the assets, through the following strategies:

- Active asset management strategy
 - ensured continued high shopper traffic at malls;
 - continual improvement of rental rates while maintaining high occupancy rates;
 - deliver quality services to tenants and maintain strong tenant relationship;
 - aimed at improving operational efficiency and reducing operating cost without compromising on quality of services to tenants and shoppers; and
 - increasing net lettable area via asset enhancement initiatives.
- Acquisition growth strategy
 - explore acquisition opportunities if such opportunities fit within the investment criteria and investment objectives of IGB REIT; and
 - focus on acquisitions that are immediately yield accretive, but will also consider those that are not immediately yield accretive that will still add value to unitholders over the long term.
- Capital and risk management strategy
 - adopt and maintain an appropriate gearing level and active interest rate management strategy;
 - diversify sources of debt funding to the extent appropriate;
 - maintain a reasonable level of debt service capability;
 - secure favourable terms of funding ;
 - managing its financial obligations; and
 - managing the exposure arising from adverse market interest rates, such as through fixed rate borrowings to optimise the cost of capital.

REVIEW FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2012

The Manager confirmed that IGB REIT has achieved its investment objective for the financial period from date of establishment, 25 July 2012 to 31 December 2012 and there is no change in the strategies adopted as disclosed in IGB REIT initial public offering prospectus.

There are no significant changes in the state of affairs of the fund during the financial period ended 31 December 2012 and up to the date of this report other than those disclosed in the financial statements.

Manager's Report (cont'd)

MALAYSIA RETAIL INDUSTRY REVIEW AND OUTLOOK

The world economic environment remained challenging in the third quarter of 2012. Amid the challenging economic conditions, the Malaysian economy recorded a growth of 5.2% (2Q, 2012: 5.6%) during the third quarter of 2012. Going forward, the more challenging international environment would present risks to Malaysia's growth prospects. Nevertheless, domestic demand is expected to continue to be the anchor of growth, supported by the expansion in private consumption and investment. Public spending and investment activity are also expected to lend support to growth (*Source: Economic and Financial Developments in Malaysia, Bank Negara Malaysia*). The Consumer Price Index (CPI) for November 2012 showed an increase of 1.3% to 105.5 from 104.1 for the same month in 2011. CPI for the period January-November 2012 increased by 1.7% to 104.9 compared with 103.1 in the same period in 2011. This increase was brought about by increases in the indices of all the main groups except those of Communication (-0.7%) and Clothing & Footwear (-0.6%). (*Source: The Malaysian Economy in Brief, Department of Statistics, Malaysia*)

After considering continued global economic fears, resilient domestic demand and moderate domestic inflation, Bank Negara Malaysia has decided to maintain its key overnight policy rate (OPR) at 3% on its meeting on 6 September 2012. Consumer confidence is holding up strong, and this is expected to continue, with the Consumer Sentiments Index (CSI) having ended 3Q2012 at 118.3 points (3.4 points higher quarter on quarter).

The retail sector in Greater Kuala Lumpur continues to outperform other property sectors, evidenced by continued institutional investment interest in quality assets and the reception to the IGB REIT by investors. Paradigm and Setia City Mall, the two major retail completions since the beginning of 2012, both opened to 90%+ levels of occupancy. Six new completions including Nu Sentral are expected in 2013, increasing total retail supply by 6%. Average occupancy rate for a sample of 52 significant retail centers improved by nearly 100 basis points to 89.5%, partly driven by a lack of new supply and strong demand for existing retail space.

Recent patterns of development have focused around emerging townships or areas previously underserved by quality retail space, and this trend is expected to continue. Competition among so-called 'regional' retail centres of above 1 million sq ft net lettable area is considerable, with at least 3 to 4 such additional centers scheduled for completion by 2016/2017. Prime rents have increased by nearly 150% over the past decade. The last round of notable increases was in 2010 and so expectations are for another round of rental growth in 2013, at least in the leading centres.

2012 saw the opening of two suburban malls i.e. Setia City Mall and Paradigm, both located in highly populated suburbs, at strong occupancy rates of over 90%. This indicated retailers' demand for quality malls with good management and large catchment areas. Malaysia is increasingly becoming an important expansion base for retailers from the West, who on the back of the Euro zone sovereign debt crisis which has affected retail sales in that region, are looking east for growth and survival. Going forward, it is anticipated that Malaysia would see more international retailers venturing into the market directly and may not via the traditional gateways of Hong Kong and Singapore.

The number of prime-grade malls in the Klang Valley is scarce and the yields of these malls have been compressed. Whilst these malls rarely become available for sale in the market, it is anticipated that prime-grade malls in the Klang Valley are being sought after by both investors and retailers.

(Source: CBRE, Malaysia)

MATERIAL LITIGATION

The Manager is not aware of any material litigation since the balance sheet date as at 31 December 2012 up to the date of this report.

CIRCUMSTANCES THAT MATERIALLY AFFECT THE INTERESTS OF UNITHOLDERS

There are no circumstances which materially affect the interests of the unitholders.

Corporate Governance Statement

IGB Real Estate Investment Trust ("IGB REIT") is a REIT established in Malaysia and constituted by the deed of trust dated 18 July 2012 entered into between IGB REIT Management Sdn Bhd (the "Manager") and AmTrustee Berhad (the "Trustee") and registered with the Securities Commission Malaysia ("SC") on 25 July 2012 ("Deed"). IGB REIT was established with the principal investment policy of investing, directly and indirectly, in a diversified portfolio of income producing real estate used primarily for retail purposes (including retail properties and mixed-use developments with a retail component) in Malaysia and overseas, as well as real estate-related assets, with the key objective of providing unitholders with regular and stable distributions, sustainable long term unit price and distributable income and capital growth, while maintaining an appropriate capital structure.

IGB REIT was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 21 September 2012 following the completion of the acquisition of Mid Valley Megamall and The Gardens Mall (collectively, "Properties") on 20 September 2012. As IGB REIT is a newly established REIT, and except for the Properties, IGB REIT has not had any portfolio of real estate since establishment.

The Board of Directors of the Manager ("Board") is committed to ensure that good corporate governance is practised with the ultimate objective of protecting and enhancing unitholders' value and the long term value of IGB REIT. The policies and practices of the Manager, supported by existing internal control processes, are regularly audited and reviewed, to ensure transparency and accountability.

The following sections describe the Manager's corporate governance policies and practices, encompassing measures set out in SC's Guidelines on Real Estate Investment Trusts ("REIT Guidelines"), Bursa Securities' Main Market Listing Requirements ("MMLR") and Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). Except for the departures explained in this statement, the Directors believe that the Manager has complied in all substantial respects with the best practices of MCCG 2012 and the provisions in MMLR.

I. THE MANAGER

IGB REIT is externally managed and administered by the Manager and accordingly, it has no personnel of its own. The Manager appoints experienced and qualified personnel to handle the day-to-day operations of IGB REIT. All Directors and employees of the Manager are remunerated by the Manager and not IGB REIT. The Manager also manages and supervises the service providers including the property manager, who provides property management, marketing and management services for the Properties pursuant to the property management agreement.

The Manager is required to ensure that the business and operations of IGB REIT are carried out and conducted in a proper, diligent and efficient manner, and in accordance with acceptable and efficacious business practices in the real estate investment industry in Malaysia. Subject to the provisions of the Deed, the Manager has full and complete power of management over the assets and liabilities of IGB REIT.

The primary role of the Manager is to set the strategic business direction and risk management of IGB REIT and making recommendations to the Trustee on acquisitions, divestments and enhancement of assets of IGB REIT in accordance with its stated business strategy and investment criteria.

The Manager's main responsibility is to seek to increase the income and, consequently, the value of the Properties through the following:

- (a) optimising rental rates, occupancy rates and net lettable areas of the Properties in order to improve the returns from IGB REIT's property portfolio;
- (b) sourcing for and acquiring properties that fit within IGB REIT's investment strategy to enhance returns to unitholders and improve opportunities for future income and net asset value growth; and
- (c) endeavouring to employ an appropriate mix of debt and equity in financing acquisitions, and managing refinancing risk and interest rate risk by utilising interest rate hedging strategies in compliance with REIT Guidelines.

Corporate Governance Statement (cont'd)

II. BOARD OF DIRECTORS ("BOARD" or "DIRECTORS")

(a) The Board

The Manager is led and managed by an experienced Board with a wide and varied range of expertise.

The Board has the overall responsibility for managing and governing the Manager and IGB REIT in the best interests of unitholders and stakeholders. The Board provides leadership to the Manager, sets the strategic directions and oversees the management of IGB REIT.

The Board assumes, among others, the following key roles:

- (i) Set objectives, goals and strategic plans for the Manager and IGB REIT with a view of maximising unitholders' value.
- (ii) Formulate policies and oversee the proper conduct of the Manager (including budgeting approval and all other financial matters).
- (iii) Oversee the conduct of IGB REIT's Properties to evaluate whether they are properly managed.
- (iv) Consider management's recommendations on key issues including acquisitions, divestments, funding and significant capital expenditure.
- (v) Oversee the risk management processes, internal compliance controls and integrity of management information systems of the Manager and IGB REIT.
- (vi) Monitor compliance with all relevant laws, legislative and regulatory requirements (including continuous disclosure).
- (vii) Determine and approve the distribution amounts to unitholders.

The Board has adopted a set of internal guidelines, which set out authority limits for, among others, capital expenditure, new investments and divestments, and operation of bank accounts. The Board approves transactions exceeding certain limits, while delegating authority for transactions below those limits to the Managing Director ("MD") and the Chief Executive Officer ("CEO"). For transactions below a certain level, the authority is delegated to the management to facilitate operational efficiency.

(b) Board Composition and Balance

The Directors with property investment and commercial experience with diverse academic backgrounds provide a collective range of skills and expertise which is vital to effectively lead the Manager and IGB REIT. A brief profile of each Director is presented in the Profile of Directors.

The Board as at the date of this statement consists of 9 members; 5 Non-Executive Directors ("NEDs") and 4 Executive Directors ("EDs"), with 3 of the 5 NEDs being independent Directors ("INEDs"). This is in compliance with MMLR's requirement to have at least one third of the Board comprised of INEDs. The EDs and NEDs are equal members of the Board, both having fiduciary duties to unitholders and have overall collective responsibility for the direction and performance of the Manager and IGB REIT.

There is a clear identifiable roles and responsibilities for Chairman of the Board, MD and CEO. This is to ensure an appropriate balance of power and authority to facilitate effective oversight and clear segregation of duties. The Chairman of the Board is an INED. He assumes responsibility for the management of the Board and ensures that members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategies, business operations, enterprise risks and other plans. The MD as a representative of the Board, together with the CEO, is accountable to the Board and responsible over the business direction and the strategy implementation of IGB REIT. The CEO has the overall responsibility for the day-to-day operational management of IGB REIT, including execution of the agreed business policies and directions set by the Board and of all operational decisions in managing the Manager and IGB REIT.

The INEDs, all of whom are persons of high calibre and integrity, play important roles by exercising independent judgement and objective participation in the proceedings and decision-making processes of the Board. The presence of INEDs fulfils a pivotal role in corporate accountability to ensure that the interests of minority unitholders are properly safeguarded. The other non-INEDs ("NINEDs") also bring with them a wide range of essential business and financial experience relevant to the Manager and IGB REIT.

Corporate Governance Statement (cont'd)

The Board is of the view that taking into account the nature and scope of the operations of the Manager, the current number of 9 Directors remains optimum and conducive for effective deliberations at Board meetings and for efficient conduct of Board meetings.

(c) Board Meetings and Access to Information

Directors are expected to prepare for, attend, and contribute meaningfully in all Board and applicable Board Committee meetings in order to discharge their obligations. Consistent with their fiduciary duties, Directors are expected to maintain the confidentiality of the deliberations of the Board and its Committees.

Board meetings are scheduled at least once every quarter, to discuss and review IGB REIT's business and affairs, with a focus on its performance and results as well as matters of material consequence for IGB REIT and its unitholders. Additional meetings may be convened as warranted by specific circumstances. To facilitate participation at the Board meetings, Directors may attend in person, via telephone or video-conference. Board meetings are also supplemented by resolutions circulated to the Directors for decision between the scheduled meetings. The Board met once during the financial period ended 31 December 2012 which was attended by all Directors.

Directors receive agenda together with a full set of Board papers containing information relevant to the business of the meetings ahead of the scheduled meetings to enable Directors to peruse, obtain additional information and/or seek further explanations or clarification on the matters to be deliberated. The key management officers of the Manager are invited to attend Board meetings to present reports on matters relating to their areas of responsibility, and to brief and provide details to the Directors on recommendations or reports submitted to the Board. In the event of potential conflict of interest, the Director in such position will make a declaration in the meeting and abstain from deliberation and decision of the Board on the subject proposal. Matters to be considered by the Board will be adopted on the basis of a majority of votes. In the case of an equality of vote, the Chairman of the Board will have a casting vote. A record of the Board's deliberation of the issues discussed and conclusions reached in discharging its duties and responsibilities is captured in the minutes of each meeting. Minutes of each Board meeting are circulated to each Board member prior to confirmation of the minutes in the next Board meeting.

Directors are also notified of any announcement released to Bursa Securities and the impending restriction in dealing with the securities of IGB REIT prior to the announcement of the financial results. Directors are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

Directors have full and unrestricted access to all information and records of the Manager and IGB REIT as well as the advice and services of the management and company secretary in furtherance of their duties. Directors may seek external legal or independent professional advice on any matter concerned with the discharge of their responsibilities as they may deem necessary and appropriate.

(d) Board Committees

The Board has entrusted specific responsibilities to several Board Committees, which operate within defined terms of reference. The functions and terms of Board Committees as well as authority delegated by the Board to the Committees are reviewed from time to time to ensure that they are relevant and up-to-date. The Committees meet as circumstances dictate. The chairman of the respective Board Committees reports to the Board on any salient matters noted by the Committees and which require the Board's notice, direction or approval. The minutes of Committees' meetings are included in the Board papers.

The composition of Board Committees, their attendance at the Committees' meetings and terms of reference were as follows:

(i) Audit Committee ("AC")

AC comprises 3 INEDs and a NINED, namely Halim bin Haji Din (Chairman), Tan Sri Dato' Dr. Lin See Yan, Le Ching Tai @ Lee Chen Chong and Tan Lei Cheng, all of whom have the appropriate accounting experience or related financial management expertise. With an independent component of 75% and comprised of NEDs, the composition of AC is fully compliant with MMLR.

The role of AC is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and the audit process of the Manager and IGB REIT as well as the Manager's process for monitoring compliance with laws and regulations. AC has the power to conduct or authorise investigations into any matters within its terms of reference.

Corporate Governance Statement (cont'd)

AC meets at least quarterly. AC met once in 2012 and January 2013 to assist the Board in discharging its responsibility for the integrity of the Company's quarterly and year-end financial results, the assessment of the effectiveness and efficiency of the internal controls and governance processes of IGB REIT and monitoring the effectiveness of the internal and external auditors. In January 2013, AC also met independently with the external auditors without the presence of Executive Board and management.

(ii) Nomination Committee ("NC")

NC comprises 3 INEDs and a NINED, namely Tan Sri Dato' Dr. Lin See Yan (Chairman), Halim bin Haji Din, Le Ching Tai @ Lee Chen Chong and Tan Lei Cheng.

NC recommends suitable candidates for appointments to the Board, including Committees of the Board. NC also conduct annual review of the structure, size and composition of the Board (including skills, knowledge, experience and gender diversity), the performance of the Board, its Committees and individual Directors and those Directors who are due for re-election/re-appointment at the Manager's annual general meeting ("AGM") as well as review Board's succession plans.

NC meets as and when required, and at least once a year. NC did not meet in 2012 as NC was formed in January 2013.

(iii) Remuneration Committee ("RC")

RC comprises 3 INEDs and the MD, namely Tan Sri Dato' Dr. Lin See Yan (Chairman), Halim Bin Haji Din, Le Ching Tai @ Lee Chen Chong and Robert Tan Chung Meng.

RC recommends to the Board the policy framework on terms of employment and on all elements of the remuneration of Executive Board. RC is authorised to review and approve the annual salary increments and bonuses of Executive Board, CEO and key management officers. RC also reviews NEDs' fees and meeting allowances and thereupon recommends to the Board for approval. No Directors will be involved in deciding his or her own remuneration.

RC meets as and when required, and at least once a year. RC did not meet in 2012 as RC was formed in January 2013.

(iv) Investment Working Group ("IWG")

The IWG, comprising the Executive Board and CEO, is tasked with the responsibilities to review, assess and consider investment and divestment strategies of IGB REIT, with an aim to grow IGB REIT and improve distribution yields.

(e) Board Appointment and Evaluation

The Manager's Articles of Association ("AA") provides that the Board has the power to appoint any person to be a Director, either to fill a vacancy or as addition to the existing Directors. Shareholders of the Manager may by ordinary resolution remove any Director and appoint another person in his or her stead. One third of the Board is subject to retirement by rotation at each AGM with the exception of the first AGM whereby all Directors shall retire from office. A retiring Director shall be eligible for re-election. The Directors to retire in each year are those who have remained in office the longest since their last election or appointment. Directors over 70 years of age are also required to submit themselves for re-appointment annually in compliance with Section 129(6) of the Companies Act 1965.

Directors are not appointed for a fixed term. The Board does not impose a term of limitation. Term limits hold the disadvantage of losing the Directors who have been able to develop, over a period of time, increasing insight into the operations of the Manager and IGB REIT, and therefore provide an increasing contribution to the Board as a whole.

The Board is satisfied that the Board as presently constituted is of sufficient size and diversity with the appropriate mix of experience, competencies and skills to carry out its responsibilities. The Board is also of the view that the Board as a whole has performed well with the individual's creditability to add value to the Board's deliberations and exercise objective judgement in decision-making processes, and each of the Director has committed sufficient time to the business of the Manager and contributed to the governance and operations of the Manager and IGB REIT. All INEDs as at the end of 2012 are considered by the Board to be wholly independent of any personal business connection with the Manager.

In accordance with MMLR, each member of the Board holds not more than 5 directorships in public listed companies save for Tan Sri Dato' Dr. Lin See Yan who will comply in the course of 2013.

Corporate Governance Statement (cont'd)

(f) **Directors' remuneration**

The remuneration of the Directors is paid by the Manager and not IGB REIT. The determination of the remuneration of the Directors is a matter for the Board. No Director makes a decision relating to his or her own remuneration. The remuneration structures are designed as such to attract and retain Directors of the calibre needed to successfully carry out the Manager's operations.

The Executive Board and CEO have entered into service agreements with the Manager. The service agreement covers the terms of employment, specifically salary and other benefits. NED's remuneration reflects the experience, expertise and level of responsibilities undertaken by the individual NED concerned.

In general, the remuneration of the Executive Board and CEO is structured on the basis of linking rewards to corporate and individual performance. The remuneration of NEDs takes the form primarily of fees, which are agreed by the Board and approved by the shareholders of the Manager. NEDs also receive meeting allowances for participation in meetings of the Board and any Committees meetings. The Directors' fees paid to NEDs for FY2012 totalled RM127,500.

(g) **Directors' Continuing Education**

The Board firmly believes in the continuing education of individual Directors for maintaining a current and effective Board. Accordingly, the Board encourages Directors to participate in ongoing education as well as participation in accredited director education programmes.

During FY2012, all Directors had attended various training programmes, conferences and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The Directors had attended/participated in one or more of the following training programmes/conferences/workshops in 2012:

- International Financial Reporting Standards ("IFRS") Convergence
- Singapore Institute of Directors ("SID") Conference on Corporate Governance in the New Normal, Singapore
- SID Conference on Listed Company Director Programme Module 4 on Nominating Committee Essentials
- SID Conference on Listed Company Director Programme Module 5 on Remuneration Committee Essentials
- Introduction to the Competition Act 2010
- Financial Institutions Directors' Education Programme – Internal Capital Adequacy Assessment Process ("ICAAP")
- Update on recent flood in Thailand and natural catastrophe pool and an overview of ICAAP
- Credit Derivatives Products
- Growth Through Innovation
- Bursa Securities' Half-day Governance Programme
- Talk on Customer Analytics Event

The Directors are also kept informed of the various requirements and updates issued by regulatory authorities.

III. **INVESTOR RELATIONS AND UNITHOLDERS COMMUNICATION**

The Board acknowledges the need for unitholders and investors to be informed of all material business matters affecting IGB REIT. In addition to the various disclosures and announcements made to Bursa Securities, the timely release of quarterly and annual financial results provides unitholders and investing public with an overview of IGB REIT's performance. The Manager has a website at www.igbreit.com from which investors, analysts and unitholders can access detailed information on IGB REIT's businesses and latest developments. All information reported to the market via the regulatory information service appears as soon as practicable on the corporate website to promote accessibility of information to all market participants.

Management of the Manager conducts regular dialogues, briefings and meetings with fund managers, financial analysts and the media to provide updates and new developments about IGB REIT, based on permissible disclosures. However, information that is price-sensitive or that may be regarded as undisclosed material information about IGB REIT is not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

Whilst the Manager aims to provide sufficient information to unitholders and investors about IGB REIT, it also recognises that unitholders and investors may have specific queries and require additional information. Any enquiries on investor related matters may be directed to this email address: enquiry@igbreit.com.

Corporate Governance Statement (cont'd)

IV. ACCOUNTABILITY AND AUDIT

(a) **Financial Reporting**

The Board is committed to providing a balanced, clear and comprehensive assessment of the financial performance and prospects of IGB REIT in all disclosures made to stakeholders and regulatory authorities.

The Board, assisted by AC, oversees the financial reporting process and the quality of the financial reporting of the Manager and IGB REIT. AC reviews and monitors the integrity of IGB REIT's annual and interim financial statements. It also reviews the appropriateness of IGB REIT's accounting policies and the changes to these policies as well as ensures these financial statements comply with accounting standards and regulatory requirements.

The Statement by The Manager in respect of the preparation of the annual audited financial statements of IGB REIT for the period ended 31 December 2012 is set out in the Financial Statement.

(b) **Internal Control**

The Board is responsible to maintain a sound system of internal controls that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures to safeguard unitholders' investment and IGB REIT's assets. While acknowledging their responsibility for the system of internal control, the Directors are aware that the Manager's system is designed to manage rather than eliminate risks and therefore cannot provide absolute assurance against material misstatement, fraud and loss.

The Manager's internal audit function is undertaken by the internal audit division of its parent company, IGB Corporation Berhad. The internal audit reports directly to AC on matters pertaining to the Manager and IGB REIT.

(c) **Relationship with the Auditors**

The appointment of the auditors, who may be nominated by the Manager, must be approved by the Trustee. The auditors appointed must be independent of the Manager and the Trustee. The remuneration of the auditors must be approved by the Trustee.

The Board maintains, via the AC, an active, transparent and professional relationship with the auditors of IGB REIT. IGB REIT's auditors report their findings to members of the AC as part of the audit process on the statutory financial statements. The role of the AC in relation to the auditors is disclosed in the Audit Committee Report.

(d) **Compliance Officer**

The Manager has a designated compliance officer working towards ensuring the compliance with all legislations, rules and guidelines issued by SC and Bursa Securities as well as the Deed.

V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

The Deed provides that the Manager, the Trustee and any delegate of either of them shall avoid conflicts of interest arising or, if conflicts arise, shall ensure that IGB REIT is not disadvantaged by the transaction concerned. The Manager must not make improper use of its position in managing IGB REIT to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interest of unitholders.

In dealing with any conflict-of-interest situations that may arise, the Manager's policy is that all transactions carried out for or on behalf of IGB REIT are to be executed on terms that are best available to IGB REIT and which are no less favourable than arm's-length transactions between independent parties.

Corporate Governance Statement (cont'd)

For related party transactions ("RPTs"), the Manager has established procedures to ensure that transactions involving, among others, the Trustee, the Manager, the Directors, the major unitholders and persons connected with them, are conducted at arm's length and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties, and in accordance with all applicable requirements of the REIT Guidelines and/or MMLR relating to the transaction in question. All RPTs are reviewed by AC on a quarterly basis. If a member of the Board and/or AC has an interest in a transaction, the Director concerned is to abstain from participating in the review and recommendation process in relation to that transaction. The Manager shall adhere strictly to the Deed which prohibits the Manager and its related parties from voting with their units at, or being part of a quorum for, any meeting of unitholders convened to approve any matter in which the Manager and its related parties have interest in the outcome of the transaction unless an exemption is obtained from the SC.

Details of the related party transactions entered into by IGB REIT during the financial period ended 31 December 2012 are disclosed in the Notes to the Financial Statements.

VI. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Information on IGB REIT's CSR activities is disclosed in the Message from the Chief Executive Officer.

Audit Committee Report

FORMATION

The Audit Committee ("AC") was established by the Board of the Manager on 7 May 2012.

The role of AC is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and the audit process of the Manager and IGB REIT as well as the Manager's process for monitoring compliance with laws and regulations.

COMPOSITION

The members of AC since its establishment are as follows:

Encik Halim bin Haji Din, AC Chairman (INED)
Tan Sri Dato' Dr. Lin See Yan (INED)
Le Ching Tai @ Lee Chen Chong (INED)
Tan Lei Cheng (NINED)

TERMS OF REFERENCE

AC is governed by the following terms of reference:

(a) **Membership**

AC members shall be appointed by the Board and shall consist of not less than 3 members, all of whom must be NEDs, with a majority of them, including the chairman, must be independent. No alternate Director shall be appointed to AC.

(b) **Authority**

AC shall, within the limits of the policy determined and powers delegated by the Board, has the authority to -

- (i) investigate any matter within its terms of reference;
- (ii) obtain the resources required to perform its duties;
- (iii) full and unrestricted access to information, records and documents relevant to its activities;
- (iv) communicate directly with the external and internal auditors, as well as employees of the Manager;
- (v) engage, consult and obtain external legal or independent professional advice as necessary; and
- (vi) convene meetings with external and internal auditors, property manager or its service providers or all of them whenever deemed necessary.

(c) **Responsibilities**

The responsibilities of AC include -

- (i) review and recommend quarterly results of IGB REIT and annual financial statements of IGB REIT and the Manager for the Board's approval, focusing primarily on:
 - going concern assumptions;
 - changes and implementation of new accounting policies and practices;
 - major judgemental areas, significant and unusual events; and
 - compliance with accounting standards and regulatory requirements.
- (ii) review with external auditors of the following:
 - audit plans and audit reports and the extent of assistance rendered by employees of the Manager, property manager or its service providers;
 - evaluation of the system of internal controls;
 - issues and reservations arising from audit; and
 - audit fee and any questions of resignation, dismissal or reappointment of external auditors.

Audit Committee Report (cont'd)

- (iii) review with internal auditors of the following:
- internal audit's charter which defines the independent purpose, authority, scope and responsibility of the internal audit function;
 - adequacy and relevance of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
 - audit plan of work programme and results of the internal audit processes including recommendations and actions taken;
 - effectiveness of the system of internal controls, risk management and governance processes including compliance with the operational manual, REIT Guidelines and MMLR; and
 - assessment of the performance of the internal audit function including that of senior staff and any matter concerning their appointment and termination.
- (iv) review RPTs and conflict of interest situations that may arise, including any transaction, procedure or course of conduct that raises questions of management integrity.
- (v) consider and recommend the distribution amounts to unitholders for the Board's approval.
- (vi) review all prospective financial information provided to the regulators and/or the public.
- (vii) prepare reports, if the circumstances arise or at least once a year, summarising the work performed by AC for inclusion in IGB REIT's Annual Report.
- (viii) report promptly to Bursa Securities on any matter reported by it to the Board which has not been satisfactorily resolved resulting in breach of MMLR.
- (ix) act on any matters as may be directed by the Board from time to time.

(d) Meetings

AC shall meet at least 4 times a year and its quorum must at all times comprised at least 2 INEDs. AC meetings may be held by telephone or video-conference or by circular resolution. Other Board members and management may attend meetings upon invitation of AC, to assist in its deliberations and resolutions of matters raised.

At least twice a year, AC shall meet with external auditors without the presence of Executive Board and employees of the Manager. Additional meetings may be held upon request by any AC member, internal or external auditors.

Minutes shall be kept of the proceedings and the resolutions of AC. Minutes shall be signed by the chairman and made available prior to the next meeting and approved therein. AC chairman shall report to the Board on any salient matters noted by AC and which requires the Board's notice, direction and approval. AC minutes shall be included in the Board papers.

MEETINGS AND ATTENDANCE

AC met once in FY2012 and January 2013, which were attended by all members.

The MD, CFO, company secretary, internal and external auditors were invited to AC meetings to present their respective reports to AC. The external auditors attended two meetings, one in 2012 and the other, in January 2013, to present the Auditors' Audit Plan FY2012 and Auditors' Report on the annual financial statements of IGB REIT for the financial period ended 31 December 2012. AC also met alone with PwC in January 2013 without the presence of MD, CEO and management of the Manager to make enquiries in relation to management's co-operation in financial reporting, and the state of affairs of internal audit function.

SUMMARY OF ACTIVITIES

The activities of AC for FY2012 and January 2013:

(a) Financial Reporting

- (i) Reviewed and recommended for the Board's approval the quarterly results and annual financial statements of IGB REIT.

Audit Committee Report (cont'd)

- (ii) Reviewed and recommended for the Board's approval the annual financial statements of the Manager.
- (iii) Reviewed and discussed management accounts with management.

(b) External Audit

- (i) Reviewed and approved external auditors' audit plan and the scope for the annual audit.
- (ii) Recommended to the Board and endorsed by Trustee on the appointment and remuneration of external auditors.
- (iii) Reviewed and directed follow-up action, when needed, the findings of external auditors on the results of the external audits.
- (iv) Reviewed the extent of assistance rendered by management and issues and reservations arising from statutory audit with external auditors, without the presence of the MD, CEO and management staff.

(c) Internal Audit

- (i) Considered the IGB Internal audit function to perform the internal audit function for the Manager and outlined the scope of its work.
- (ii) Recommended to the Board on the appointment and remuneration of the internal auditors.
- (iii) Reviewed and approved internal audit's charter as well as annual audit plan which covered entities across all level operations within the Manager.
- (iv) Reviewed reports on special audits performed during the period.

(d) RPT

- (i) Reviewed all RPT entered into by IGB REIT.
- (ii) Reviewed any conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.

AC'S CONTINUING EDUCATION

The details of training programme and seminars attended by each AC member during FY2012 are set out in the Corporate Governance Statement under "Directors' Continuing Education".

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced and undertaken by the Manager's parent company's internal audit division. The internal auditors carried out the following activities during FY2012:

- (a) Prepared the annual audit plan for AC's approval.
- (b) Performed special audit as requested by management and issued audit reports on the results.
- (c) Attended AC's meeting to table and discuss the audit reports and followed up on matters raised.
- (d) Performed corporate governance review and compliance with MMLR, MCGG 2012 and REIT Guidelines.

The costs incurred for the internal audit function for FY2012 were RM35,000.

Financial Review

SUMMARY OF FINANCIAL RESULTS

	Financial Period * 31 December 2012 RM'000	Forecast period * 31 December 2012 RM'000	Variance RM'000
Total Revenue	115,285	110,718	4,567
Net Property Income	76,174	74,084	2,090
Distributable Income	62,333	60,866	1,467
Distribution per unit (DPU) (sen)	1.83	1.79	0.04
Annualised DPU (sen)	6.50	6.36	0.14

TOTAL REVENUE

	Financial Period * 31 December 2012 RM'000	Forecast period * 31 December 2012 RM'000	Variance RM'000
Mid Valley Megamall	79,834	78,432	1,402
The Gardens Mall	35,451	32,286	3,165
Total	115,285	110,718	4,567

NET PROPERTY INCOME

	Financial Period * 31 December 2012 RM'000	Forecast period * 31 December 2012 RM'000	Variance RM'000
Mid Valley Megamall	57,449	56,089	1,360
The Gardens Mall	18,725	17,995	730
Total	76,174	74,084	2,090

* From 20 September 2012 to 31 December 2012.

UTILISATION OF PROCEEDS

A total of 3.4 billion new units were issued by IGB REIT to satisfy part of purchase consideration for the investment properties i.e. Mid Valley Megamall and The Gardens Mall together with the related assets as follows:

	Purchase Consideration RM'000	Consideration Units '000	Cash Consideration RM'000
Mid Valley Megamall	3,440,000	2,730,000	710,000
Mid Valley Megamall Related Assets	1,582	-	1,582
The Gardens Mall	1,160,000	670,000	490,000
The Gardens Mall Related Assets	10,977	-	10,977
Total	4,612,559	3,400,000	1,212,559



FINANCIAL STATEMENTS

31 DECEMBER 2012

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Manager's Report

The Manager of IGB Real Estate Investment Trust ("IGB REIT"), IGB REIT Management Sdn Bhd ("the Manager"), is pleased to submit their report and audited financial statements to unitholders of IGB REIT for the financial period ended 31 December 2012.

PRINCIPAL ACTIVITY

IGB REIT was established on 25 July 2012 pursuant to the deed of trust dated 18 July 2012 ("the Deed") between the Manager and AmTrustee Berhad ("the Trustee") and listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 21 September 2012. The principal investment policy of IGB REIT is to invest, directly and indirectly, in a diversified portfolio of income producing real estate used primarily for retail purposes in Malaysia and overseas as well as real estate related assets. Real estate used primarily for retail purposes would include retail properties and mixed used development with a retail component.

DISTRIBUTION OF INCOME

IGB REIT had declared a distribution per unit for the financial period ended 31 December 2012 of 1.83 sen per unit.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial period are shown in the financial statements.

DIRECTORS

The Directors who have served on the Board of the Manager, since the date of establishment of IGB REIT are as follows:

Tan Sri Dato' Dr Lin See Yan
Robert Tan Chung Meng
Tan Boon Lee
Halim bin Haji Din
Le Ching Tai @ Lee Chen Chong
Tan Lei Cheng
Daniel Yong Chen-I
Elizabeth Tan Hui Ning
Tan Yee Seng

DIRECTORS' BENEFITS

During and at the end of the financial period, no arrangement subsisted to which the Manager is a party, with the object or objects of enabling the Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of IGB REIT or any other body corporate, other than as disclosed in Directors' interest.

For the financial period ended 31 December 2012, no Director has received or become entitled to receive a benefit (other than certain directors receive remuneration as a result of their employment with related corporations).

Manager's Report (cont'd)

DIRECTORS' INTEREST

The following Directors of the Manager who held office at the end of the financial period had, according to the register of unitholdings in IGB REIT, interests in the units of IGB REIT as follows:-

	Number of units of RM1.00 each			
	Balance at 25.07.2012 (date of establishment)	Addition	Disposal /Transferred	Balance at 31.12.2012
Robert Tan Chung Meng				
Direct	0	7,289,081	0	7,289,081
Indirect	0	1,790,708,823	(2,423,800)	1,788,285,023
Tan Lei Cheng				
Direct	0	2,203,742	(350,000)	1,853,742
Indirect	0	345,722	0	345,722
Tan Boon Lee				
Direct	0	1,989,725	0	1,989,725
Daniel Yong Chen-I				
Direct	0	802,132	0	802,132
Tan Yee Seng				
Direct	0	907,200	(200,000)	707,200
Elizabeth Tan Hui Ning				
Direct	0	750,000	0	750,000

Other than as disclosed above, the other Directors who held office at the end of the financial period did not have interests in the units of IGB REIT.

OTHER INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of IGB REIT were made out, the Manager took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of IGB REIT had been written down to an amount which they might be expected so to realise.

At the date of this report, the Manager is not aware of any circumstances:

- which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of IGB REIT inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of IGB REIT misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of IGB REIT misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period or year which, in the opinion of the Manager, will or may affect the ability of IGB REIT to meet its obligations when they fall due.

Manager's Report (cont'd)

OTHER INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, there does not exist:

- (a) any charge on the assets of IGB REIT which has arisen since the end of the financial period which secures the liability of any other person; or
- (b) any contingent liability of IGB REIT which has arisen since the end of the financial period.

At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Manager:

- (a) the results of IGB REIT's operations during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of IGB REIT for the financial period in which this report is made.

ULTIMATE HOLDING COMPANY

The Directors of the Manager regard IGB Corporation Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Securities, as the ultimate holding company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of IGB REIT Management Sdn Bhd in accordance with a resolution dated 25 February 2013.

ROBERT TAN CHUNG MENG

MANAGING DIRECTOR

HALIM BIN HAJI DIN

DIRECTOR

Statement by The Manager

In the opinion of the Directors of the Manager, the financial statements set out on pages 44 to 83 are drawn up in accordance with the provisions of the Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts ("REIT Guidelines"), applicable securities laws and Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of IGB REIT as at 31 December 2012 and of its financial performance and cash flows for the period from the date of establishment on 25 July 2012 to 31 December 2012.

For and on behalf of the Manager,

IGB REIT MANAGEMENT SDN BHD

Signed in accordance with a resolution of the Directors of the Manager dated 25 February 2013:

ROBERT TAN CHUNG MENG

MANAGING DIRECTOR

HALIM BIN HAJI DIN

DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION

I, Chai Lai Sim, the Chief Financial Officer of the Manager primarily responsible for the financial management of IGB REIT, do solemnly and sincerely declare that the financial statements set out in pages 44 to 83, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHAI LAI SIM

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur on 25 February 2013.

Before me:

Trustee's Report to The Unitholders of IGB REIT (Established in Malaysia)

We have acted as Trustee of IGB REIT for the financial period ended 31 December 2012. In our opinion and to the best of our knowledge, the Manager has managed IGB REIT in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the REIT Guidelines, applicable securities laws and other applicable laws during the financial period then ended.

We have ensured the procedures and processes employed by the Manager to value and price the units of IGB REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements.

We also confirm the income distributions declared during the financial period ended 31 December 2012 are in line with and are reflective of the objectives of IGB REIT. Income distributions have been declared for the financial period ended 31 December 2012 as follows:

- 1) Income distribution of 1.83 sen per unit payable on 28 February 2013.

For and on behalf of the Trustee,

AMTRUSTEE BERHAD

TAN KOK CHEENG

CHIEF EXECUTIVE OFFICER

Kuala Lumpur,

Date: 25 February 2013

Independent Auditors' Report to The Unitholders of IGB REIT

(Established in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IGB REIT, on pages 44 to 82, which comprises the statement of the financial position as at 31 December 2012, and the statements of comprehensive income, changes in net asset value and cash flows for the period from the date of establishment on 25 July 2012 to 31 December 2012, and a summary of significant accounting policies and other explanatory information, as set out in notes 1 to 27.

Directors of the Manager's responsibility for the financial statements

The Directors of the Manager are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Manager's preparation and fair presentation of the financial statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Manager's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditors' Report to The Unitholders of IGB REIT

(continued) (Established in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of IGB REIT as of 31 December 2012 and of its financial performance and cash flows for the period from the date of establishment on 25 July 2012 to 31 December 2012 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 28 on page 83 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors of the Manager are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad dated 20 December 2011 ("Bursa Directive"). In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the unitholders of IGB REIT and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS

(No. AF:1146)

Chartered Accountants

SOO HOO KHOON YEAN

(No. 2682/10/13 (J))

Chartered Accountant

Kuala Lumpur

Date: 25 February 2013

Statement of Financial Position

as at 31 December 2012

	Note	2012 RM'000
Non-current assets		
Plant and equipment	5	12,266
Investment properties	6	4,700,000
Total non-current assets		4,712,266
Current assets		
Trade and other receivables	7	42,116
Cash and bank balances	8	137,752
Total current assets		179,868
Total assets		4,892,134
Financed by		
Unitholders' fund		
Unitholders' capital	9	4,243,085
Accumulated losses		(759,041)
Total unitholders' fund		3,484,044
Non-current liabilities		
Borrowings	10	1,193,382
Payables and accruals	11	45,987
Total non-current liabilities		1,239,369
Current liabilities		
Borrowings	10	27,606
Payables and accruals	11	141,115
Total current liabilities		168,721
Total liabilities		1,408,090
Total unitholders' fund and liabilities		4,892,134
Net asset value ("NAV")		
- before income distribution		3,546,377
- after income distribution		3,484,044
Number of units in circulation ('000 units)		3,400,000
NAV per unit (RM)		
- before income distribution		1.0431
- after income distribution		1.0247

The accompanying notes form an integral part of the financial statements.

Statement of Comprehensive Income

for The Financial Period From Date of Establishment on 25 July 2012 to 31 December 2012

	Note	25.07.2012 (date of establishment) to 31.12.2012 RM'000
Gross rental income		88,119
Other income	12	27,166
Total revenue		115,285
Utilities expenses		(13,459)
Maintenance expenses		(4,987)
Quit rent and assessment		(2,960)
Other operating expenses	13	(17,705)
Property operating expenses		(39,111)
Net property income		76,174
Changes in fair value of investment properties		100,000
Interest income		315
Net investment income		176,489
Manager's management fees	14	(7,851)
Trustees' fees		(88)
Other trust expenses		(41)
Borrowing costs	15	(15,217)
Profit before taxation		153,292
Taxation	16	-
Profit after taxation		153,292
Other comprehensive income, net of tax		-
Total comprehensive income attributable to unitholders		153,292
Profit after taxation is made up as follows:		
Realised		53,292
Unrealised		100,000
		153,292
Basic earnings per unit (sen)	17	4.51
Diluted earnings per unit (sen)	17	4.50

The accompanying notes form an integral part of the financial statements.

Statement of Comprehensive Income

for The Financial Period From Date of Establishment on 25 July 2012 to 31 December 2012 (continued)

		25.07.2012 (date of establishment) to 31.12.2012 RM'000
	Note	
Total comprehensive income		153,292
Distribution per unit (sen) – final	18	1.83
<u>Income distribution</u>		
Total comprehensive income for the financial period		153,292
Less: Distribution adjustments	A	(90,959)
Total available for income distribution		62,333
Proposed for income distribution of 1.83 sen per unit for period from 25 July 2012 (date of establishment) to 31 December 2012		(62,333)
Balance undistributed		-
<u>Note A</u>		
Distribution adjustments comprise:		
Changes of fair value on investment properties		(100,000)
Manager's management fee payable in units		7,851
Amortisation of fit-out incentives		614
Amortisation of capitalised borrowing costs		170
Depreciation of plant and equipment		406
		(90,959)

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Net Asset Value

for The Financial Period From Date of Establishment on 25 July 2012 to 31 December 2012

	Note	Unitholders' capital RM'000	Retained earnings/ (Accumulated losses) RM'000	Total funds RM'000
As at 25 July 2012		-	-	-
Total comprehensive income for the period attributable to unitholders		-	153,292	153,292
Income distribution	18	-	(62,333)	(62,333)
Net total comprehensive income for the period attributable to unitholders		-	90,959	90,959
Unitholders' transactions				
Issue of new units at par		3,400,000	-	3,400,000
Valuation of units issued at fair value		850,000	-	850,000
Total value of units issued		4,250,000	-	4,250,000
Effect of fair value adjustment (due to units issued) for acquisition of investment properties*		-	(850,000)	(850,000)
Listing expenses		(6,915)	-	(6,915)
Increase in net assets resulting from unitholders' transactions		4,243,085	(850,000)	3,393,085
As at 31 December 2012	9	4,243,085	(759,041)	3,484,044

* IGB REIT adopts predecessor accounting as its accounting policy to account for business combinations under common control. In accordance with its policy, the difference between the fair value of the units issued as consideration and the aggregate carrying amounts of the assets and liabilities acquired as of the date of the business combination is included in equity - accumulated losses.

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

for The Financial Period From Date of Establishment on 25 July 2012 to 31 December 2012

	25.07.2012 (date of establishment) to 31.12.2012	Note	RM'000
Cash flows from operating activities			
Profit before taxation	153,292		
Adjustments for:			
Changes of fair value on investment properties	(100,000)		
Manager's management fee payable in units	7,851		
Amortisation of fit-out incentives	614		
Borrowing costs	15,217		
Interest income	(315)		
Depreciation of plant and equipment	406		
Operating income before changes in working capital	77,065		
Net change in trade and other receivables	(42,730)		
Net change in payables and accruals	116,918		
Net cash generated from operating activities	151,253		
Cash flows from investing activities			
Acquisition of investment properties *	(1,200,000)		
Purchase of plant and equipment	(12,672)		
Interest received	315		
Net cash used in investing activities	(1,212,357)		
Cash flows from financing activities			
Proceeds from borrowings	1,212,559		
Payment of financing expenses	(6,788)		
Payment of listing expenses	(6,915)		
Cash held under trustee	(26,441)		
Net cash generated from financing activities	1,172,415		
Net increase in cash and cash equivalents	111,311		
Cash and cash equivalents at date of establishment	-		
Cash and cash equivalents at end of period	111,311	8	
Note *:			
Acquisition of investment properties			
Cash consideration	1,200,000		
Issuance of new units	3,400,000		
	4,600,000	6	

The accompanying notes form an integral part of the financial statements.

Notes to The Financial Statements

1 GENERAL

IGB REIT is a Malaysia-domiciled real estate investment trust ("REIT") established on 25 July 2012 pursuant to the Deed between the Manager and the Trustee. The Deed is regulated by the Securities Commission Act 1993, the Securities Commission's Guidelines on Real Estate Investment Trusts, the Listing Requirements of Bursa Securities, the Rules of the Depository and taxation laws and rulings. IGB REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 26 of the Deed. The addresses of the Manager's registered office and principal place of business are as follows:

Registered office

Level 32, The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Principal place of business

Mid Valley Megamall and The Gardens Mall
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

IGB REIT is a REIT established with the principal investment policy of investing, directly and indirectly, in a diversified portfolio of income producing real estate used primarily for retail purposes in Malaysia and overseas as well as real estate-related assets.

Real estate used primarily for retail purposes will include retail properties and mixed-use developments with a retail component.

The Manager's key objective is to provide unitholders with regular and stable distributions, sustainable long term unit price and distributable income and capital growth, while maintaining appropriate capital structure.

IGB REIT was listed on the Main Market of Bursa Securities on 21 September 2012.

The ultimate holding company is IGB Corporation Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Securities.

The financial statements for the financial period ended 31 December 2012 were authorised for issue in accordance with a resolution by the Directors of the Manager on 25 February 2013.

IGB REIT has entered into service agreements in relation to the management of IGB REIT and its property operations. The fee structures are as follows:

(a) Property management fees

The property manager, Chartwell ITAC International Sdn Bhd, is entitled to property management fee of RM20,000 per month (excluding service tax). In addition, the property manager is also entitled to full disbursement of costs and expenses properly incurred in the operation, maintenance, management and marketing of the properties held by IGB REIT ("Permitted Expenses") as well as fees and reimbursements for Permitted Expenses payable to its service providers.

Notes to The Financial Statements (continued)

1 GENERAL (CONTINUED)

(b) Manager's management fees

Pursuant to the Deed, the Manager is entitled to receive the following fees from IGB REIT:

- i) a base fee ("Base Fee") of up to 1.0% per annum of the total asset value of IGB REIT (excluding cash and bank balances which are held in non-interest bearing accounts).
- ii) a performance fee ("Performance Fee") of up to 5.0% per annum of net property income in the relevant financial period/year.
- iii) 1.0% of the transaction value (being total purchase consideration) of any real estate and real estate-related assets directly and indirectly acquired from time to time by the Trustee or one or more special purpose vehicle ("SPV") on behalf of IGB REIT pro-rated, if applicable, to the proportion of IGB REIT's interest.

In the case of acquisition of SPVs or holding entities which holds real estate, 1.0% of the underlying value (as determined by an independent valuer appointed by the Trustee) of any Real Estate (which are directly or indirectly held through one or more SPVs of IGB REIT) pro-rated, if applicable, to the proportion of IGB REIT's interest.

Any payment to third party agents or brokers in connection with the acquisition of any real estate and real estate-related assets for IGB REIT shall not be paid by the Manager out of the acquisition fee received or to be received by the Manager (but shall be borne by IGB REIT).

For the avoidance of doubt, no acquisition fee is payable with respect to acquisition of the subject properties in connection with the listing of IGB REIT but acquisition fee is payable with respect to all other transactions (which includes related party and non-related party transactions), including acquisitions from the sponsor.

- iv) 0.5% of the transaction value (being total sale consideration) of any real estate and real estate-related assets directly or indirectly sold or divested from time to time by the Trustee or one or more SPVs on behalf of IGB REIT pro-rated, if applicable, to the proportion of IGB REIT's interest.

In the case of divestment of SPVs or holding entities which holds real estate, 0.5% of the underlying value (as determined by an independent valuer appointed by the Trustee) of any real estate (which are directly or indirectly held through one or more SPVs of IGB REIT) pro-rated, if applicable, to the proportion of IGB REIT's interest.

Any payment to third party agents or brokers in connection with the sale or divestment of any real estate and real estate-related assets for IGB REIT shall not be paid by the Manager out of the divestment fee received or to be received by the Manager (but shall be borne by IGB REIT).

For the avoidance of doubt, the Divestment Fee is payable with respect to all transaction (which includes related party and non-related party transaction), including divestments to the Sponsor, as well as for compulsory acquisitions.

Notes to The Financial Statements (continued)

1 GENERAL (CONTINUED)

(b) Manager's management fees (continued)

The payment of the Manager's management fee in the form of new units will be in accordance with the following formula:

$$\text{New Units to be issued as payment of the Manager's management fee} = \frac{\text{Manager's management fee payable in units}}{\text{Market Price}}$$

For this purpose, "Market Price" means the volume weighted average market price of the Units for the last 5 market days preceding the following events:

- (i) in respect of the Base Fee and Performance Fee, the announcement of the relevant quarterly financial reports; or
- (ii) in respect of the acquisition fee and divestment fee, the completion of the relevant acquisition/divestment,

(each a "Trigger Event").

With reference to any book closing date, where the Trigger Event is before but the issuance of the new Units relating to such Trigger Event is after the said book closing date, the Market Price will be further adjusted for the entitlement relating to such book closing date.

The Manager will make an immediate announcement to Bursa Securities disclosing the number of new units to be issued and the issue price of the new units when new units are issued as payment for management fee. Payment of the management fees in units shall also be subjected to IGB REIT complying with the public spread requirements stated in the Listing Requirements of Bursa Securities and there being no adverse implications under Malaysian Code on Take-Overs and Mergers 2010.

(c) Trustee's fees

In accordance to the Deed, an annual trusteeship fee of up to 0.03% per annum of NAV is to be paid to Trustee.

Notes to The Financial Statements (continued)

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of IGB REIT have been prepared in accordance with the provisions of the Deed, Malaysian Financial Reporting Standard ("MFRS") and International Financing Reporting Standards.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors of the Manager to exercise their judgment in the process of applying IGB REIT's accounting policies. Although these estimates and judgment are based on the Directors of the Manager's best knowledge of current events and actions, actual results could differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to IGB REIT but not yet effective

IGB REIT will apply the new standards, amendments to standards and interpretations to existing standards in the following period:

(i) Financial year beginning on/after 1 January 2013

- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' ("OCI") in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future.
- MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.
- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

Notes to The Financial Statements (continued)

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to IGB REIT but not yet effective (continued)

IGB REIT would apply the new standards, amendments to standards and interpretations to existing standards in the following period:
(continued)

(ii) Financial year beginning on/after 1 January 2014

- Amendment to MFRS 132 "Financial instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(iii) Financial year beginning on/after 1 January 2015

- MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments have been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI. There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

The adoption of the above new standards, amendments to standards and interpretation to existing standards are not expected to have a material impact on the financial results of IGB REIT.

Notes to The Financial Statements (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements by IGB REIT.

(a) Business combination under common control

IGB REIT applies predecessor accounting to account for business combinations under common control i.e. combination involving entities or businesses under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the holding company. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (at the date of the transaction) of the acquired business is recorded as an adjustment to retained earnings. No additional goodwill is recognised. Acquisition-related costs are expensed as incurred. The acquired business' results and the related balance sheet items are recognised prospectively from the date on which the business combination between entities under common control occurred.

(b) Investment properties

Investment properties are held for long term rental yields or for capital appreciation or both, and are not substantially occupied by IGB REIT. Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value.

Fair value is based on investment method, where cash flows projections are capitalised using a capitalisation rate, which takes into account the unexpired period, yield and sinking fund, where applicable. Change in fair values is recognised in profit and loss for the period in which it arises.

The fair value of the investment property reflects the market conditions at the reporting date. It reflects, among others, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are reflected in liability whereas others relate to outflows that are not recognised in the financial statements until a later date.

Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to IGB REIT and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are derecognised when they have been disposed. Where IGB REIT disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded within net gain from fair value adjustment on investment property.

Notes to The Financial Statements (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to IGB REIT and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Plant and equipment are depreciated on a straight line basis to write-off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Motor vehicles	20%
Furniture and fittings	12.5%
Equipment	12.5%
Information technology equipment	33 1/3%
Plant and machinery	10%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. The assessment of residual values and estimated useful lives of assets is carried out on an annual basis.

At each reporting date, IGB REIT assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Please refer to accounting policy on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in profit/(loss) from operations in the statement of comprehensive income.

(d) Financial assets

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

Financial assets are recognised in the statement of financial position when, and only when, IGB REIT becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

IGB REIT classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. IGB REIT determines the classification of its financial assets at initial recognition.

Notes to The Financial Statements (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for amounts not expected to be realised within twelve (12) months after the end of the reporting period which shall be classified as non-current assets. IGB REIT's loans and receivables comprise 'trade and other receivables' and 'cash and bank balances' in the statement of financial position (Notes 7 and 8).

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

Loans and receivables are derecognised if IGB REIT's contractual rights to the cash flows from the financial assets expire or if IGB REIT transfers the financial asset to another party without retaining control or transfer substantially all the risks and rewards of the asset.

Gains and losses upon derecognition, impairment losses, and the amortisation of loans and receivables are recognised in statement of comprehensive income.

(e) Impairment of financial assets

IGB REIT assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that IGB REIT uses to determine that there is objective evidence of an impairment loss include, amongst others, the following:

- Significant financial difficulty of the obligor;
- A breach of contract, such as a default or delinquency in payments;
- IGB REIT, for economic or legal reasons relating to the obligor's financial difficulty, granting to the obligor a concession that IGB REIT would not otherwise consider;
- It becomes probable that the obligor will enter bankruptcy or other financial distress;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of obligors in the portfolio; and
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Notes to The Financial Statements (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of financial assets (continued)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in statement of comprehensive income during the period in which it is incurred.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in statement of comprehensive income during the period in which such reversal is evidenced.

(f) Impairment of non-financial assets

Plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The impairment loss is charged to the statement of comprehensive income during the period in which they are incurred and any subsequent increase in recoverable amount is recognised in the statement of comprehensive income during the period in which they are incurred.

(g) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash in hand, deposits held at call with licensed financial institutions, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts.

(h) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or vendors. Trade payables are classified as current liabilities if payment is due within one (1) year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables, deposits received from tenants and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to The Financial Statements (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Unitholders' capital

Unitholders' contributions are classified as equity when there is no obligation to transfer cash or other assets, nor they are redeemable at the unitholders' option. Any consideration received or distributions paid is added or deducted directly from equity. Incremental external costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds.

(j) Borrowing and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless IGB REIT has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Borrowings costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn-down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn-down, the fee is capitalised as a prepayment for liquidity and amortised over the period of the facility to which it relates.

(k) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of IGB REIT's activities. Revenue is shown net of rebates and discounts.

Revenue includes rental income, service charges and promotional charges from tenants.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When IGB REIT provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. Other rent related and car park income are recognised in the accounting period in which the services being rendered.

Interest income is recognised on an effective yield basis.

(l) Income tax

Tax is recognised in statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Notes to The Financial Statements (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on the straight line basis during the lease period in which they are incurred.

Properties leased out under operating leases are included as investment properties.

(n) Functional and presentation currency

Items included in the financial statements of IGB REIT are measured using the currency of the primary economic environment in which IGB REIT operates ("functional and presentation currency"). The financial statements are presented in Ringgit Malaysia, which is IGB REIT's functional and presentation currency.

(o) Earnings per unit

IGB REIT's earnings per unit ("EPU") are presented on basic and diluted format.

Basic EPU is calculated by dividing the comprehensive income attributable to unitholders of IGB REIT by the weighted average number of units outstanding during the period.

Diluted EPU is determined by adjusting the comprehensive income attributable to unitholders against the weighted average number of units outstanding adjusted for the effects of all dilutive potential units, which mainly comprise management fees to the Manager.

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer, together with the Joint Chief Operation Officers, that makes strategic decisions.

Notes to The Financial Statements (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors of the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

IGB REIT makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the IGB REIT's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Principal assumptions for estimation of fair value of investment properties

The principal assumptions underlying estimation of fair value of investment properties are those related to the receipt of contractual rentals, expected future market rentals, void periods, sinking funds and maintenance requirements, and the respective capitalisation rates.

Investment properties are stated at fair value based on valuations performed by independent professional valuer who hold a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued, Henry Butcher Malaysia Sdn Bhd.

The valuations are regularly compared to actual market yield data and actual transactions and those reported by the market, when available. Assumptions used are mainly based on market conditions existing at each reporting date.

Changes to capitalisation rate and reversion used in the investment method on existing unexpired contractual terms by 100 basis points, the fair value of investment properties would be an estimate of RM681 million lower or RM458 million higher, respectively.

Notes to The Financial Statements (continued)

5 PLANT AND EQUIPMENT

	Motor vehicles RM'000	Furniture and fittings RM'000	Equipment RM'000	Information technology equipment RM'000	Plant and machinery RM'000	Total RM'000
Cost						
As at date of establishment, 25 July 2012	-	-	-	-	-	-
Additions	354	2,615	9,594	101	8	12,672
As at 31 December 2012	354	2,615	9,594	101	8	12,672
Accumulated depreciation						
As at date of establishment, 25 July 2012	-	-	-	-	-	-
Depreciation charge for the financial period	18	81	299	8	-	406
As at 31 December 2012	18	81	299	8	-	406
Carrying amounts						
As at 31 December 2012	336	2,534	9,295	93	8	12,266

6 INVESTMENT PROPERTIES

	2012 RM'000
As at date of establishment, 25 July 2012	-
Acquisition of investment properties	4,600,000
Net fair value gain recognised in statement of comprehensive income	100,000
As at 31 December 2012	4,700,000

On 20 September 2012, IGB REIT acquired the investment properties of which the consideration was settled in cash for RM1,200,000 and issuance of 3,400,000 units in IGB REIT.

One of the investment properties is charged as a security for bank borrowings as disclosed in Note 10.

Investment properties are stated at fair value based on valuations performed by independent professional valuer who holds a recognised relevant professional qualification and has recent experience in the locations and categories of the investment properties valued, Henry Butcher Malaysia Sdn Bhd. Fair value is determined primarily based on investment method. In arriving at the fair value using the investment method, the capitalisation rate adopted is 5-6% and reversion is 5.25-6.25%. Other key parameters used in the investment method of valuation are allowance for void of 3%, carpark income of 8% and other income of 8%. Based on the valuation by independent professional valuer dated 9 January 2013, the fair value of the Mid Valley Megamall and The Gardens Mall as at 31 December 2012 was RM3.5 billion and RM1.2 billion respectively. The investment properties are leasehold properties with lease expiry year in 2103.

Notes to The Financial Statements (continued)

6 INVESTMENT PROPERTIES (CONTINUED)

Details of the investment properties are as follows:

	Date of acquisition	Date of valuation	Location	Tenure	Occupancy rates as at 31.12.2012 %	Fair value as at 31.12.2012 RM'000	Initial acquisition cost on 20.09.2012 RM'000	Percentage of fair value to NAV*2 as at 31.12.2012 %
Mid Valley Megamall	20.09.2012	31.12.2012	Kuala Lumpur	Leasehold*1	99	3,500,000	3,440,000	100.5
The Gardens Mall	20.09.2012	31.12.2012	Kuala Lumpur	Leasehold*1	99	1,200,000	1,160,000	34.4
						4,700,000	4,600,000	

*1 The lease has a period of 99 years expiring on 6 June 2103.

*2 Based on NAV after income distribution.

Notes to The Financial Statements (continued)

7 TRADE AND OTHER RECEIVABLES

	2012 RM'000
Trade	
Trade receivables	2,494
Less: Allowance for impairment of trade receivables	(170)
Trade receivables – net	2,324
Accrued billings	6,555
	8,879
Non-Trade	
Other receivables	15
Deposits	5
Amount owing by ultimate holding company	36
Amounts owing by related companies	24,276
	24,332
Prepayments	8,905
	33,237
Total trade and other receivables	42,116

The carrying amounts of trade and other receivables as at 31 December 2012 approximated their fair values.

The credit terms of trade receivables were seven (7) days.

The amount owing by ultimate holding company is unsecured, repayable on demand and interest free.

The amounts owing by related companies are unsecured, repayable on demand and interest free.

Notes to The Financial Statements (continued)

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2012, trade receivables of RM2,324,000 were past due but not impaired. Such trade receivables are due from tenants in Mid Valley Megamall and The Gardens Mall who have paid security deposits for the tenancy and with no known recent history of default. In addition, the historical experience in collection of trade receivables falls within the recorded allowance.

The ageing analysis of these trade receivables is as follows:

	2012 RM'000
8 to 30 days	1,520
31 to 60 days	804
	2,324
Individually impaired	170
Less: Allowance for impairment of trade receivables	(170)
	2,324

Movement of allowance for impairment of trade receivables is as follows:

	2012 RM'000
As at date of establishment, 25 July 2012	-
Allowance for impairment of trade receivables	170
As at 31 December 2012	170

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Notes to The Financial Statements (continued)

8 CASH AND CASH EQUIVALENTS

	2012 RM'000
Cash in hand	290
Bank balances	31,950
Deposits placed with licensed banks	105,512
Cash and bank balances	137,752
Less: Restricted cash	(26,441)
Cash and cash equivalents	111,311

Bank balances are deposits held at call with banks and earns no interest.

The weighted average effective interest rate of deposits with licensed banks that was effective at the reporting date was 3.05% per annum.

Deposits with licensed banks have an average maturity of 26 days.

Included in the deposits placed with licensed banks is an amount of RM26.4 million which is maintained in a Debt Service Reserve Account with the facility agent to cover a minimum of six months interest for a syndicated financing facility granted to IGB REIT (Note 10).

Notes to The Financial Statements (continued)

9 UNITHOLDERS' CAPITAL

	2012 Number of units '000
--	------------------------------------

Approved fund size:

As at date of establishment, 25 July 2012/end of financial
 period

3,550,000

	Number of units '000	Value RM'000
--	----------------------------	-----------------

Issued and fully paid up:

At date of establishment, 25 July 2012

- -

Creation of units

Issue of new units at par

3,400,000 3,400,000

Valuation of units issued at fair value

- 850,000

Total value of units issued

3,400,000 4,250,000

Listing expenses

- (6,915)

As at 31 December 2012

3,400,000 4,243,085

Notes to The Financial Statements (continued)

10 BORROWINGS

	2012 RM'000
Current (secured) :	
Syndicated financing facilities	27,606
Non-current (secured) :	
Syndicated financing facilities	1,200,000
Less: Unamortised transaction costs	(6,618)
	1,193,382

The Trustee, on behalf of IGB REIT, as borrower, has obtained the syndicated financing facilities comprising the following:

- (a) A fixed rate term loan facility ("FRTL") of up to RM1,200 million; and
- (b) A standby revolving credit facility ("SBRC") of up to RM20 million.

The maturity profile of the syndicated financing facilities as at 31 December 2012 is as follows:

	<1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	>3 years RM'000	Total RM'000
FRTL	14,900	0	0	1,193,382	1,208,282
SBRC	12,706	0	0	0	12,706
	27,606	0	0	1,193,382	1,220,988

The weighted average effective interest rates as at the reporting date were as follows:

	2012 % per annum
<u>Weighted average effective interest rates at reporting date</u>	
FRTL	4.40%
SBRC	4.15%

Notes to The Financial Statements (continued)

10 BORROWINGS (CONTINUED)

Proceeds drawn from the FRTL were utilised by IGB REIT to part finance the acquisitions of Mid Valley Megamall and The Gardens Mall together with related assets ("Acquisitions") and the proceeds drawn from the SBRC were utilised by IGB REIT to part finance the Acquisitions and to finance its capital expenditure requirements.

The FRTL has tenure of five (5) years from the date of first drawdown with an option to extend the same for a further two (2) years exercisable by the Trustee. For the first five (5) years, the FRTL bears a fixed interest rate of 4.4% per annum. In the event the FRTL is extended, the interest rates for the sixth and the seventh year shall be stepped up to 5.0% per annum.

The SBRC has tenure of seven (7) years from the date of fulfillment of all conditions precedent. The SBRC bears a floating interest rate of the aggregate effective costs of funds and a margin of 0.7% per annum.

The Syndicated Financing Facilities are secured against, among others, the following:

- (i) a first party assignment by the Trustee of its rights, title, interests and benefits in Mid Valley Megamall and under the sale and purchase agreement in relation to Mid Valley Megamall pursuant to the Acquisition and all other documents evidencing the Trustee's interest in Mid Valley Megamall. In the event the subdivision of master title is completed and a separate strata title is issued for Mid Valley Megamall ("Megamall Strata Title"), a first party first legal charge shall be created by the Trustee on the Megamall Strata Title for the benefit of the syndicated lenders;
- (ii) an undertaking from the Trustee and the Manager;
 - (a) to deposit all cash flows generated from Mid Valley Megamall into the revenue account; and
 - (b) that it shall not declare or make any dividends or distributions out of the cashflow derived from Mid Valley Megamall to the Unitholders if an event of default has occurred under the terms of the Syndicated Financing Facilities, and is continuing and has not been waived;
- (iii) a first party legal assignment and charge by the Trustee over all rights, interests, title and benefits relating to the following designated accounts:
 - (a) the revenue account into which the Trustee shall credit, among others, all income and insurance proceeds derived from or in relation to Mid Valley Megamall;
 - (b) the operating account which is to capture funds transferred from the revenue account for the purpose of managing the operating expenditure of Mid Valley Megamall; and
 - (c) the debt service reserve account which is to capture funds transferred from the revenue account for purposes of meeting the debt service requirement;
- (iv) a first party legal assignment by the Trustee of all the proceeds under the tenancy/lease agreements in relation to Mid Valley Megamall; and
- (v) a first party legal assignment over all of the Trustee's rights, interests, titles and benefits and all the insurance policies in relation to Mid Valley Megamall and the security agent (acting for and on behalf of the syndicated lenders) being named as the loss payee and beneficiary of the insurance policies.

Notes to The Financial Statements (continued)

11 PAYABLES AND ACCRUALS

	Note	2012 RM'000
Non-current		
Trade		
Tenants' deposits	a	45,987
		45,987
Current		
Trade		
Trade payables	b	10,071
Tenants' deposits	a	27,415
		37,486
Non-Trade		
Other payables and accrued expenses		19,763
Amount due to ultimate holding company	c	69
Amounts due to related companies	d	21,464
Distribution payable to unitholders		62,333
		103,629
Total current payables and accruals		141,115
Total payables and accruals		187,102

- (a) Tenants' deposits are in respect of refundable deposits received from tenants for tenancy related agreements. Tenancy tenures are generally for a period of one (1) to three (3) years.
- (b) Credit terms for trade payables range from 30 days to 90 days.
- (c) Amount due to ultimate holding company is interest-free and repayable on demand.
- (d) Amounts due to related companies are interest-free and repayable on demand.

Notes to The Financial Statements (continued)

12 OTHER INCOME

	25.07.2012 (date of establishment) to 31.12.2012 RM'000
Car park income	12,257
Advertising and promotional income	1,669
Utilities recoverable	6,759
Kiosk rent and other leasing income	4,846
Others	1,635
	27,166

13 OTHER OPERATING EXPENSES

Included in other operating expenses are the following expenses:

	25.07.2012 (date of establishment) to 31.12.2012 RM'000
Reimbursable *	14,291
Others	3,414
	17,705

* Reimbursable refers to costs and expenses incurred in the operation, maintenance, management and marketing of the investment properties.

14 MANAGER'S MANAGEMENT FEES

	25.07.2012 (date of establishment) to 31.12.2012 RM'000
Base fee	4,046
Performance fee	3,805
	7,851

100% of the total Manager's management fees would be payable in units.

15 BORROWING COSTS

	25.07.2012 (date of establishment) to 31.12.2012 RM'000
Interest expense	15,047
Amortisation of transaction costs	170
	15,217

Notes to The Financial Statements (continued)

16 TAXATION

	25.07.2012 (date of establishment) to 31.12.2012 RM'000
Reconciliation of tax expense	
Income before taxation	153,292
Income tax using Malaysian tax rate of 25%	38,323
Non-deductible expenses	1,209
Effect of income exempted from tax	(39,532)
	0

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 ("Act"), income of IGB REIT will be exempted from tax provided that at least 90% of its total taxable income (as defined in the Act) is distributed to the investors in the basis period of IGB REIT for that year of assessment within two months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two (2) months after the close of IGB REIT financial year which forms the basis period for a year of assessment, IGB REIT will be subject to income tax at the prevailing rate on its total income. Income which has been taxed at the IGB REIT level will have tax credits attached when subsequently distributed to unitholders.

As IGB REIT declared 100% of its distributable income to unitholders for financial period ended 31 December 2012, no provision for income taxation has been made for the current period.

Notes to The Financial Statements (continued)

17 EARNINGS PER UNIT ("EPU") – BASIC AND DILUTED

The calculation of EPU is based on total comprehensive income attributable to unitholders for the period of RM153,292,000 divided by the weighted average number of units in circulation during the same period of 3,400,000,000.

	25.07.2012 (date of establishment) to 31.12.2012 RM'000
Total comprehensive income	
- Realised	53,292
- Unrealised	100,000
- Total	153,292
Weighted average number of units in issue ('000)	3,400,000
Basic EPU (sen)	
- Realised	1.57
- Unrealised	2.94
- Total	4.51
Weighted average number of units ('000)	
Weighted average number of units in issue	3,400,000
Adjustment for Manager's management fees payable in units *	5,782
Weighted average number of units for diluted EPU	3,405,782
Diluted EPU (sen)	
- Realised	1.56
- Unrealised	2.94
- Total	4.50

Note *:

	Note	Number of units '000	Value RM'000
Manager's management fees payable in units			
- from date of establishment, 25 July 2012 to 30 September 2012 at RM1.34 per unit		648	869
- from 1 October 2012 to 31 December 2012 at RM1.36 per unit		5,134	6,982
	14	5,782	7,851

Notes to The Financial Statements (continued)

18 DISTRIBUTION TO UNITHOLDERS

Distribution to unitholders is from the following sources:

	25.07.2012 (date of establishment) to 31.12.2012 RM'000
Total comprehensive income attribute to unitholders for the financial period ended 31 December 2012	153,292
Less: Distribution adjustments	(90,959)
Distributable income to unitholders	62,333
Net distribution per unit (sen)	1.83

* Withholding tax will be deducted for distributions made to the following categories of unitholders:

	Withholding tax rate 2012
Resident corporate	N/A ^
Resident non-corporate	10%
Non-resident individual	10%
Non-resident corporate	25%
Non-resident institutional	10%

^ to tax at prevailing rate

Notes to The Financial Statements (continued)

19 PORTFOLIO TURNOVER RATIO

	2012
Portfolio Turnover Ratio ("PTR") (times)	-

The calculation of PTR is based on the average of total acquisitions and disposals of investments in IGB REIT for the financial period to the average net asset value during the period.

PTR is nil for IGB REIT as there were no new acquisitions and disposals of investments in IGB REIT since the date of establishment of 25 July 2012 to 31 December 2012 except for the initial acquisition of the investment properties i.e. the Acquisition during the initial public offering that was completed on 20 September 2012.

Since the basis of calculating PTR can vary among REITs, there is no consistent or coherent basis for providing an accurate comparison of IGB REIT's PTR against other REITs.

20 MANAGEMENT EXPENSE RATIO

	2012
Management expense ratio ("MER") (%)	0.23

The calculation of the MER is based on the total fees of IGB REIT incurred, including the Manager's management fees, trustee's fees, valuation fee, audit fees, tax agent's fees and administrative expenses, to the net asset value (after income distribution) during the financial period.

Since the basis of calculating MER can vary among REITs, there is no consistent or coherent basis for providing an accurate comparison of IGB REIT's MER against other REITs.

21 SEGMENT REPORTING

The segmental financial information by business or geographical segments is not presented as IGB REIT only comprises of one business activity, which is the owner and operator of Mid Valley Megamall and The Gardens Mall and its entire business is conducted in Kuala Lumpur.

The Manager assesses the performance of the operating segments based on various factors, including but not limited to, a measure of adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA"). The EBITDA enables performance benchmarking as such basis eliminates the effect of financing and accounting decisions which may not be made at operating level.

Notes to The Financial Statements (continued)

22 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2012 RM'000
<u>Loans and receivables at amortised cost</u>		
Assets as per statement of financial position:		
- Trade and other receivables excluding prepayments	7	33,211
- Cash and bank balances excluding cash in hand	8	137,462
Total financial assets		170,673
<u>Other financial liabilities at amortised cost</u>		
Liabilities as per statement of financial position:		
- Borrowings	10	1,220,988
- Payables and accruals	11	187,102
Total financial liabilities		1,408,090

Notes to The Financial Statements (continued)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

23.1 Financial risk factors

IGB REIT's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk, liquidity and cash flow risk. IGB REIT's overall financial risk management objective is to ensure that it creates value for its unitholders. IGB REIT focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of IGB REIT. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the IGB REIT's financial risk management policies. The Manager regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

(a) Market risk

Fair value and cash flow interest rate risk

IGB REIT interest rate risk arises from fixed rate term loan and revolving credit. The fixed rate term loan taken by IGB REIT locks in the interest rate against any fluctuation. Hence, IGB REIT's fixed rate term loan exposes it to fair value interest rate risk and the standby revolving credit facility obtained at variable rate exposes IGB REIT to risk of change in cash flows interest rates risk.

IGB REIT's income and operating cash flows are substantially independent of changes in market interest rates. This is due to a significant portion of the borrowing is made up of fixed rate term loan taken by IGB REIT which locks in the interest rate against any fluctuation. Hence, IGB REIT has no significant exposure to cash flow interest rate risk. The Manager regularly reviews the interest rate risks and does not expect the impact to be material to IGB REIT.

Sensitivity analysis for interest rate changes is unrepresentative as IGB REIT does not use variable rates in managing its interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables from the tenants.

Credit risks arising from outstanding receivables from the tenants are minimised and monitored by strictly limiting IGB REIT's association to business partners with high creditworthiness. Trade receivables are monitored on an on-going basis via the Manager's reporting procedures. Other than the anchor tenants, namely Aeon BIG (formerly known as Carrefour), Aeon, Metrojaya, Isetan, Robinsons and GSC Signature, which contribute 12.8% of the rental income, IGB REIT does not have any significant exposure to any individual customer or counterparty nor does IGB REIT have any major concentration of credit risk related to any financial instruments. Credit risk with respect to trade receivables is limited due to IGB REIT's nature of business which is predominately rental related and cash-based. IGB REIT's historical experience in collection of trade receivables falls within the recorded allowances. Furthermore, the tenants have placed security deposits with IGB REIT which act as collateral. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in IGB REIT's trade receivables.

The deposits are placed with credit worthy licensed financial institutions with high credit ratings assigned by credit rating agencies. Based on the above, IGB REIT considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Notes to The Financial Statements (continued)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

23.1 Financial risk factors (continued)

(c) Liquidity and cash flow risk

IGB REIT monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed borrowing facilities (Note 10).

IGB REIT monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate to finance its operations, to distribute income to unitholders, and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the Securities Commission's Guidelines on Real Estate Investment Trust concerning limits on total borrowings financing.

At the reporting date, IGB REIT held cash and bank balances of RM137.75 million that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the IGB REIT's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	>3 years RM'000	Total RM'000
<u>At 31 December 2012</u>					
Borrowings	80,927	53,321	53,321	1,286,694	1,474,263
Payables and accruals	141,115	23,938	22,049	-	187,102

23.2 Capital risk management

The overall capital management objectives are to safeguard IGB REIT's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a more efficient capital.

The Manager's on-going capital management strategy involves adopting and maintaining an appropriate gearing level and adopting an active interest rate management strategy to manage the risks associated with refinancing and changes in interest rates. The Manager intends to implement this strategy by (i) diversifying sources of debt funding to the extent appropriate, (ii) maintaining a reasonable level of debt service capability, (iii) securing favourable terms of funding, (iv) managing its financial obligations and (v) where appropriate, managing the exposures arising from adverse market interest rates, such as through fixed rate borrowings, to optimise the cost of capital.

Notes to The Financial Statements (continued)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

23.2 Capital risk management (continued)

The borrowings to total assets ratio as at 31 December 2012 was as follows:

	2012 RM'000
Total borrowings	1,220,988
Total assets	4,892,134
Borrowings to total assets ratio (%)	24.96

The Deed provides that the Manager shall, with the approval of the Trustee, for each distribution period, distribute all (or such other percentage as determined by the Manager at its absolute discretion) of IGB REIT's distributable income. It is the intention of the Manager to distribute at least 90.0% of IGB REIT's distributable income on a half-yearly basis (or such other interval as determined by the Manager at its absolute discretion).

For the period from the establishment date, 25 July 2012 to 31 December 2012, IGB REIT will distribute 100% of its distributable income. Based on the prospectus in respect of the initial public offer of IGB REIT dated 27 August 2012, the Manager intends to distribute up to 100% of IGB REIT's distributable income for the period from date of establishment to 31 December 2014.

The actual proportion of distributable income distributed to unitholders beyond 31 December 2014, which shall be at the absolute discretion of the Manager, may be greater than 90.0% of IGB REIT's distributable income to the extent that the Manager believes it is appropriate, having regard to IGB REIT's funding requirements, other capital management considerations and the availability of funds. Distribution when made will be in Ringgit Malaysia.

23.3 Fair value of financial instruments

The carrying amounts of financial assets and liabilities of IGB REIT as at reporting date approximated their fair values.

The fair values are based on the following methodologies and assumptions:

- a) Trade receivables, other receivables and payable and accruals

Trade receivables, other receivables and payable and accruals are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

- b) Cash and bank balances

Cash and bank balances with maturities less than one year, the carrying amount is a reasonable estimate of fair value.

- c) Borrowings

The fair value of the borrowings is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

Notes to The Financial Statements (continued)

24 OPERATING LEASES

Leases as lessor

IGB REIT leases out its investment properties (Note 6) under operating leases. The future minimum lease receivables under non-cancellable lease are as follows:

	2012 RM'000
Less than one year	286,307
Between one and five years	572,615
	858,922

25 CAPITAL COMMITMENTS

Capital expenditure in respect of the following has not been provided for in the financial statement:

	2012 RM'000
Plant and equipment	
Authorised by Directors but not contracted	2,709

26 COMPARATIVE FIGURES

No comparative figures are presented as this is the first set of financial statements of IGB REIT prepared by the Manager since IGB REIT was established on 25 July 2012.

27 SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER

The significant related party transactions set out below are carried out in the normal course of business on terms and conditions negotiated between the parties.

The ultimate holding company is IGB Corporation Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Securities.

Notes to The Financial Statements (continued)

27 SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER (CONTINUED)

Related party	Relationship
IGB Corporation Berhad	Holding company and Sponsor of IGB REIT
IGB Properties Sdn Bhd	A fellow subsidiary
IGB REIT Management Sdn Bhd	A fellow subsidiary
KrisAssets Holdings Berhad	A fellow subsidiary
Mid Valley City Sdn Bhd	A fellow subsidiary
Mid Valley City Energy Sdn Bhd	A fellow subsidiary
Mid Valley City Enterprise Sdn Bhd	A fellow subsidiary
Mid Valley City Gardens Sdn Bhd	A fellow subsidiary
Mid Valley City Hotels Sdn Bhd	A fellow subsidiary
Mid Valley City North Tower Sdn Bhd	A fellow subsidiary
Mid Valley City South Tower Sdn Bhd	A fellow subsidiary
MVC Centrepont North Sdn Bhd	A fellow subsidiary
MVC Centrepont South Sdn Bhd	A fellow subsidiary
MVEC Exhibition and Event Services Sdn Bhd	A fellow subsidiary
Tanah Permata Sdn Bhd	A fellow subsidiary
Technoltic Engineering Sdn Bhd	A fellow associate
Strass Media Sdn Bhd	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn Bhd, which is a substantial shareholder of IGB Corporation Berhad

Notes to The Financial Statements (continued)

27 SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER (CONTINUED)

Significant related party transactions:	2012 RM '000
<i>Sales of services</i>	
1) Rental of car park	
- IGB Corporation Berhad	36
- MVC Centrepont North Sdn Bhd	244
- Mid Valley City Hotels Sdn Bhd	20
- Tanah Permata Sdn Bhd	40
	340
2) Utilities charges	
- IGB Properties Sdn Bhd	135
- Mid Valley City Enterprise Sdn Bhd	347
- MVC Centrepont South Sdn Bhd	168
- MVC Centrepont North Sdn Bhd	148
- Mid Valley City Hotels Sdn Bhd	669
- Tanah Permata Sdn Bhd	315
- Mid Valley City South Tower Sdn Bhd	452
- Mid Valley City North Tower Sdn Bhd	472
	2,706
3) Rental of premises	
- MVEC Exhibition and Event Services Sdn Bhd	697
4) Rental of light box	
- Strass Media Sdn Bhd	488

Notes to The Financial Statements (continued)

27 SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER (CONTINUED)

Significant related party transactions:	2012 RM '000
<u>Purchases of services</u>	
1) Repair and maintenance - Technoltic Engineering Sdn Bhd	167
2) Electricity charges - Mid Valley City Energy Sdn Bhd	3,624
3) Manager's management fee - IGB REIT Management Sdn Bhd	7,851
Significant related party balances as at reporting date:	
<u>Amount owing by</u>	
Mid Valley City Sdn Bhd	11,586
Mid Valley City Gardens Sdn Bhd	11,026
<u>Amount owing to</u>	
IGB REIT Management Sdn Bhd	7,851
KrisAssets Holdings Berhad	12,097

Notes to The Financial Statements (continued)

28 REALISED AND UNREALISED PROFITS OR LOSSES

The analysis of the accumulated losses of IGB REIT as at 31 December 2012, into realised and unrealised portions, pursuant to Paragraphs 2.06 and 2.23 of Main Market Listing Requirements of Bursa Securities, are as follows:

	2012 RM'000
Total accumulated losses	
- realised	(859,041)
- unrealised	100,000
	(759,041)

The disclosure of realised and unrealised deficits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Listing Requirements of Bursa Securities*, issued by the Malaysian Institute of Accountants.

Statistics of Unitholders as at 31 December 2012

APPROVED FUND SIZE

3,550,000,000 Units

ISSUED AND FULLY PAID UNITS

3,400,000,000 Units (voting right : 1 vote per Unit)

PUBLIC SPREAD

As at 31 December 2012, public shareholding spread of IGB REIT was 46.55 %*

* Excluding unitholdings held by Directors, substantial unitholders and associates of the Directors or substantial unitholders, pursuant to the definition of "public" under the MMLR.

DISTRIBUTION OF UNITHOLDINGS

Range of Unitholdings	No. of Unitholders	% of Unitholders	No. of Issued Units	% of Issued Units
Less than 100	1,223	5.36	40,405	0.00
100 – 1,000	7,933	34.75	3,823,946	0.11
1,000 – 10,000	9,575	41.95	41,175,481	1.21
10,001 – 100,000	3,353	14.69	110,415,025	3.25
100,001 to less than 5% of Issued Units	743	3.25	1,510,927,389	44.44
5% and above of Issued Units	1	0.00	1,733,617,754	50.99
Total	22,828	100.00	3,400,000,000	100.00

SUBSTANTIAL UNITHOLDERS (5% AND ABOVE)

Name of Unitholder	Direct No. of Units	% of Issued Units	Deemed** No. of Units	% of Issued Units
IGB Corporation Berhad	1,733,617,754	50.99	86,113	0.00
Goldis Berhad	41,234,424	1.21	1,735,338,497	51.04
Robert Tan Chung Meng	7,289,081	0.21	1,788,285,023	52.60
Pauline Tan Suat Ming	1,080,898	0.03	1,788,285,023	52.60
Tony Tan @ Choon Keat	1,000,000	0.03	1,788,285,023	52.60
Tan Chin Nam Sdn Bhd	4,282,888	0.13	1,785,506,556	52.51
Tan Kim Yeow Sdn Bhd	2,879,665	0.08	1,785,405,358	52.51
Wah Seong (M) Trading Co. Sdn. Bhd.	6,079,992	0.18	1,779,000,021	52.32

** Deemed to have interests in Units held by other corporations by virtue of Section 6A of the Companies Act 1965

UNITHOLDINGS OF DIRECTORS AND CEO

Name of Director/ CEO	Direct No. of Units	% of Issued Units	Deemed** No. of Units	% of Issued Units
Robert Tan Chung Meng	7,289,081	0.21	1,788,285,023	52.60
Tan Boon Lee	1,989,725	0.06	-	-
Tan Lei Cheng	1,853,742	0.05	325,345	0.01
Daniel Yong Chen-I	802,132	0.02	-	-
Elizabeth Tan Hui Ning	750,000	0.02	-	-
Tan Yee Seng	707,200	0.02	-	-
Antony Patrick Barragry	581,300	0.02	-	-

Statistics of Unitholders as at 31 December 2012 (cont'd)

TOP 30 UNITHOLDERS

No.	Name of Unitholder	No. of Units	% of Issue Units
1	IGB Corporation Berhad	1,733,617,754	50.99
2	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank of New York Mellon (BNYM as E&A)	117,200,000	3.45
3	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	69,441,528	2.04
4	Cartaban Nominees (Tempatan) Sdn Bhd Exempt AN for Eastspring Investments Berhad	68,673,048	2.02
5	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for American International Assurance Berhad	66,749,491	1.96
6	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	59,593,700	1.75
7	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	55,373,613	1.63
8	Kumpulan Wang Persaraan (Diperbadankan)	54,624,300	1.61
9	Goldis Berhad	41,234,424	1.21
10	HSBC Nominees (Asing) Sdn Bhd Exempt AN for HSBC Private Bank (Suisse) S.A. (Hong Kong AC CL)	34,463,328	1.02
11	Amanahraya Trustees Berhad Public Smallcap Fund	33,134,616	0.97
12	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	31,696,236	0.93
13	Amanahraya Trustees Berhad Public Dividend Select Fund	28,995,332	0.85
14	Amanahraya Trustees Berhad Public Savings Fund	28,938,276	0.85
15	HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR - TST - Asing)	21,531,170	0.63
16	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	21,016,949	0.62
17	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia)	20,000,000	0.59
18	Amanahraya Trustees Berhad PB Growth Fund	18,314,192	0.54
19	Pertubuhan Keselamatan Sosial	18,054,250	0.53
20	CIMB Commerce Trustee Berhad Public Focus Select Fund	15,200,085	0.45
21	Amanahraya Trustees Berhad Public Equity Fund	13,776,468	0.41
22	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LSF)	12,517,000	0.37
23	Hong Leong Investment Bank Berhad (IVT-A)	12,158,016	0.36
24	HSBC Nominees (Asing) Sdn Bhd Exempt AN for HSBC Private Bank (Suisse) S.A. (Spore TST AC CL)	11,598,441	0.34
25	CimSec Nominees (Asing) Sdn Bhd Bank of Singapore Limited for Mighty Finance Limited	11,000,000	0.32
26	M & A Nominee (Asing) Sdn Bhd Montego Assets Limited	10,336,916	0.30
27	Cimsec Nominees (Asing) Sdn Bhd Bank of Singapore Limited for Amara Company Limited J1840	10,000,000	0.29
28	HwangDBS Investment Bank Berhad – IVT (JBD)	10,000,000	0.29
29	Amanahraya Trustees Berhad Public Index Fund	9,327,200	0.27
30	Amanahraya Trustees Berhad Public Far-East Property & Resorts Fund	9,222,400	0.27



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